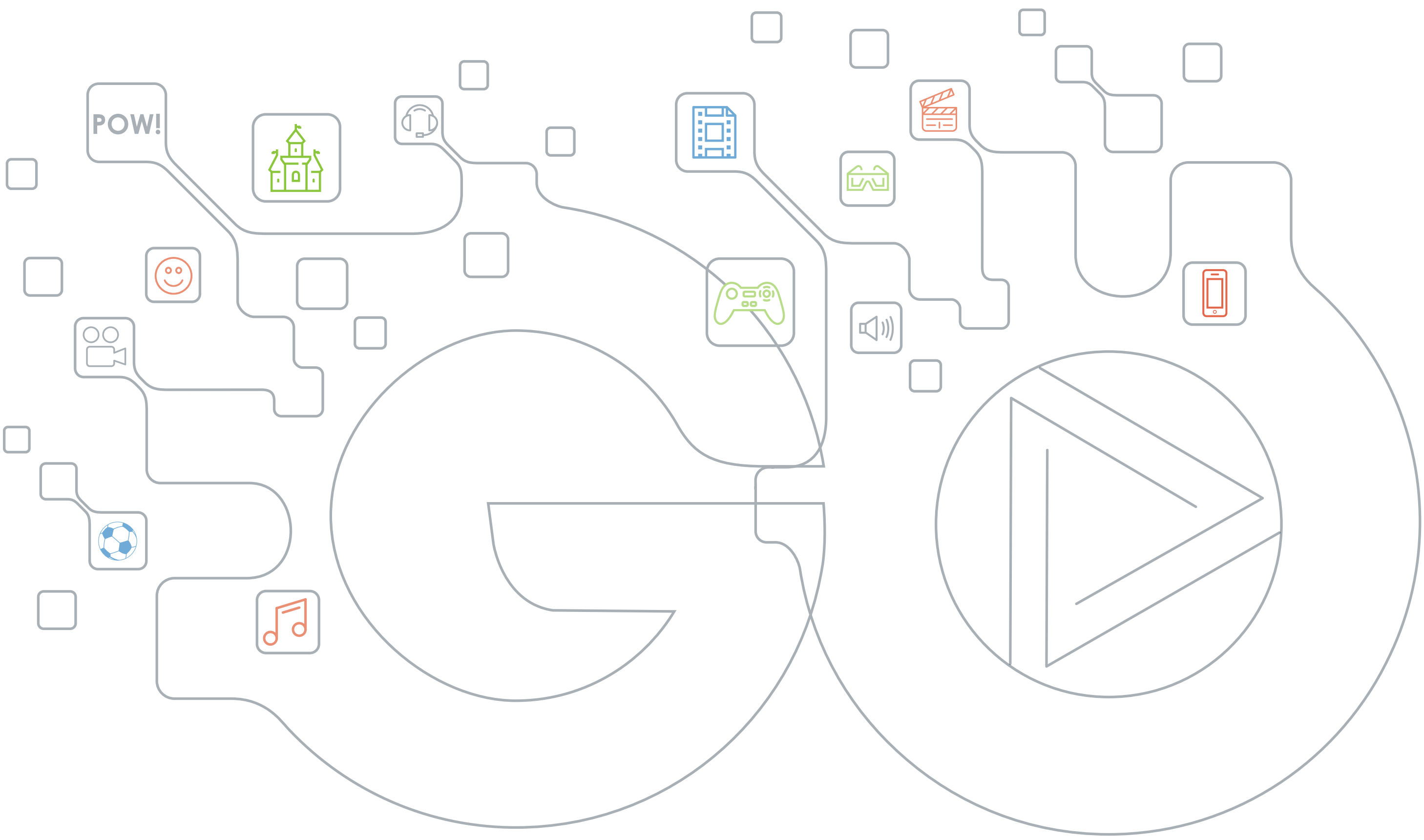
美好發展集團
MH DEVELOPMENT

MH Development Limited

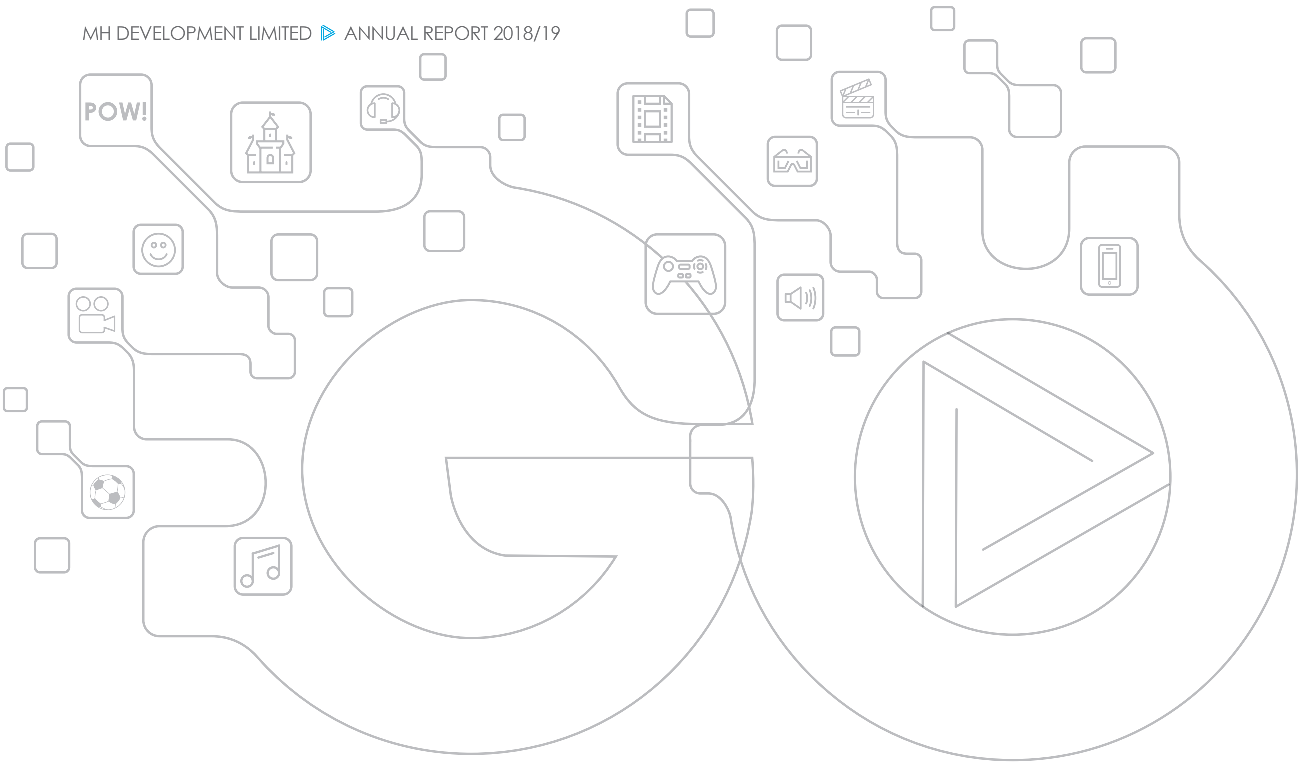
(Incorporated in the Cayman Islands with limited liability)

Stock Code: 2662



2018/19

ANNUAL REPORT



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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors:

Ms. Lo Ching *(Chairman)*
(vacated on 22 September 2020)
Ms. Liu Hui
Mr. Guo Ben (appointed on 22 September 2020)
Mr. Shen Yang (appointed on 16 October 2020)

Independent Non-Executive Directors:

Mr. Lei Jun (resigned on 3 December 2019)
Mr. Ross Yu Limjoco
Mr. Zheng Yilei

COMPANY SECRETARY

Mr. Fung Nam Shan

AUDITOR

Deloitte Touche Tohmatsu
(resigned on 6 March 2020)
Certified Public Accountants
35/F, One Pacific Place
88 Queensway
Hong Kong

ZHONGHUI ANDA CPA Limited
(appointed on 9 November 2020)
Certified Public Accountants
Unit 701, 7/F., Citicorp Centre
18 Whitfield Road
Causeway Bay
Hong Kong

PRINCIPAL BANKS

The Hongkong and Shanghai Banking Corporation Limited
Agricultural Bank of China
Standard Chartered Bank (Hong Kong) Limited

WEBSITE

www.mhdlhk.com

STOCK CODE

2662

REGISTERED OFFICE

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 1904, 19/F.,
Podium Plaza
5 Hanoi Road
Tsim Sha Tsui, Kowloon
Hong Kong

PRINCIPAL SHARE REGISTRAR

Royal Bank of Canada Trust Company (Cayman) Limited
4th Floor, Royal Bank House
24 Shedden Road
George Town
Grand Cayman KY1-1110
Cayman Islands

BRANCH SHARE REGISTRAR IN HONG KONG

Boardroom Share Registrars (HK) Limited
2103 B, 21/F., 148 Electric Road
North Point
Hong Kong

EXECUTIVE DIRECTOR'S STATEMENT

Dear Shareholders,

For the year ended 30 June 2019 (the "Year"), it is a breakthrough year for MH Development Limited (formerly known as Camsing International Holding Limited) (the "Company") and its subsidiaries (collectively, the "Group") in its strategic transformation. We further clarified our strategic development direction and business development model, actively adjusted our strategies according to business development and market conditions, strengthened the buildup and cultivation of our professional teams, and further promoted the integration and sharing of our internal and external resources.

However, as stated in the announcement dated 5 July 2019, Ms. Lo Ching ("Ms. Lo), the former chairman (the "Chairman") of the board (the "Board") of directors (the "Director(s)") of the Company and an executive Director, was taken into custody by the Yangpu Branch of the Shanghai Public Security Bureau in the People's Republic of China (the "PRC"). The Chinese police searched an office premises of Ms. Lo in Guangzhou, the PRC and seized certain documents (comprising documents both related and unrelated to the Group) kept there. After making reasonable inquiries about this situation, the Company learned that most of the accounting records involved in the operation of the Group were seized by the police as well. In view of this, the statements in this report were made with a prudent attitude.

OVERALL PERFORMANCE

During the Year, the Group realised revenue from continuing and discontinued operations of approximately HK$2.8 billion, a year-on-year ("yoy") decrease of approximately 17.3%. Its gross profit increased approximately 14.8% yoy to approximately HK$276.9 million, with gross profit margin up 2.7 percentage points yoy to approximately 9.7%. The Group incurred a loss of approximately HK$634.5 million, as compared to net profit of approximately HK$86.0 million in 2018. The decline was largely because that the management who maintained a prudent attitude made significant impairment of goodwill during the Year and made significant provisions for impairment of trade receivables and prepayments. It recorded a basic loss per share of approximately HK$0.58, a decrease of approximately 825.0% yoy.

Revenue from continuing operations or the main business, which consists of IP driven pan-entertainment IP licensing and comprehensive services and sales and distribution of IP derived products and mobile devices, amounted to approximately HK$2.7 billion, a decrease of approximately 8.8% yoy. Gross profit from continuing operations jumped around 23.5% yoy to approximately HK$262.0 million. The Group's business structure was further optimised. It sold the discontinued operations — pure assembly services and procurement and assembly services, on 19 November 2018. After such disposal, the Group no longer engages in the provision of electronics manufacturing services. Therefore, the divested business has no longer been consolidated into the Group's financial statements.

Revenue from its IP licensing and comprehensive services amounted to approximately HK$169.8 million, a yoy increase of 32.8%. The growth is mainly due to the Group's strategic adjustment and the rapid development of theme events services and marketing services. Revenue from theme events services and marketing services rose from the previous financial year's approximately HK$29.6 million and HK$20.0 million, respectively, to approximately HK$95.8 million and HK$42.8 million, respectively, a yoy increase of 224.0% and 113.6%, respectively.

The IP licensing and comprehensive services segment posted a loss of approximately HK$74.7 million, a yoy decrease of approximately HK$135.5 million or 222.8%, which was caused by the impairment of goodwill of POW! Entertainment, Inc ("POW! Entertainment") of approximately HK$56.6 million (2018: nil).

Executive Director's Statement

The sales and distribution of IP derived products and mobile devices segment recorded revenue of approximately HK$2.5 billion, down approximately HK$300.1 million or 10.7% yoy. The segment posted a loss of approximately HK$488.8 million, a yoy decline of HK$640.1 million or 423.1%, which was due to the impairment of trade and other receivables.

BUSINESS DEVELOPMENT

Based on the industry trends as well as its internal and external resources, the Group has firmly promoted strategic transformation in order to create better returns for shareholders. Aiming to become China's first-class pan-entertainment "IP+" operator, the Group adjusted its business development strategies, completed the disposal of its discontinued operations and actively focus on the development of its IP licensing and comprehensive services. Pan-entertainment IP resources are the core of the Group's business development model. Since the acquisition of POW! Entertainment founded by Stan Lee in 2017, the Group has maintained a friendly cooperation with the firm. The Group not only obtained stable IP from POW! Entertainment, but also worked closely with IP owners at home and abroad to secure more IP resources and channels for IP development and licensing, which has promoted its IP development and licensing business.

During the Year, the Company and POW! Entertainment launched the first serial novel Stan Lee's Work Force and Between The Lines, which were available on QQ Reader, iReader, 17k.com and other renowned online literature platforms and sought after by readers. In addition, POW! Entertainment teamed up with publishing magnate Taschen to publish The Stan Lee Story, an unlimited edition book regarding the story of Stan Lee, the Company's former Chief Creative Officer. The firm partnered with Amazon's Audible, the world's largest producer and distributor of downloadable audiobooks and spoken-word entertainment, to create audiobooks about superheroes and explore the value of Stan Lee's IPs in the industry of audiobooks. This marks its entry into the field of audiobooks.

The Group proactively cooperates with banks, insurers, investment firms and other financial institutions to provide them with competitive crossover marketing and branding services. In the past year, the Group has successfully provided credit card marketing solutions for China Guangfa Bank, China CITIC Bank, China Construction Bank and other lenders. The tailormade marketing solution for MasterCard — "Funjoy Club" — successfully built and promoted the use of single-label credit card and created a virtual world tour scene for consumer purchases. The Company partnered with an insurer for the first time to customise an IP derived product during the Year. It cooperated with China Taiping to launch a Doraemon (a Japanese cartoon character) derived product. Besides, it customised a customer loyalty management solution for Ping An Insurance (Group) Company of China. Moreover, the Group provided Lufax (Shanghai) Technology Services Co., Ltd. ("Lufax (Shanghai)") with customer loyalty marketing project management and operation experience and channel advantages to offer customised services for members.

The Group's parent-child run event "Run Cartoon Run" has become an influential theme event in the market, which has not only effectively enhanced its brand awareness, but also accumulated experience and cultivated teams for the operation and management of the Group's theme events. The Group officially began to operate the theme park operation and management business during the Year. Its indirect wholly-owned subsidiary Qi Cheng (Guangzhou) Scenic Management Limited (奇承(廣州)景區管理有限公司) ("Qi Cheng (Guangzhou)") offered operation and management services for the Lotus Wonderland theme park of Fo Shan Qi Jing Cultural Investments Limited (佛山奇境文化投資有限公司) ("Fo Shan Qi Jing") in Foshan, Guangdong, marking an important milestone for the Group to implement its "IP+" development strategy. The Group aimed to increase its revenue and strengthened the ability to monetize IP by licensing its IP resources to theme parks and selling IP derived products to the parks.

Executive Director's Statement

Furthermore, the Company joined hands with Alibaba Group to create the Institution for Zen under the Travel Frog theme that was unveiled in Lotus Wonderland, a famous tourist attraction in Foshan, Guangdong.

FUTURE OUTLOOK

Affected by Ms. Lo's incident, the Group made provisions for impairment of goodwill. The significant impairment resulting from this incident is not expected to occur again in the following financial year. The Group remains optimistic about the prospects of the IP-centred pan-entertainment sector. However, in view of a series of uncertainties in the current global economy and capital market, the Group will seek progress while maintaining stability to ensure its business development in the coming year by focusing on the improvement of the existing businesses' operating efficiency and core competitiveness.

The Group will further integrate its internal and external resources, aiming to strive to launch competitive products and services across its business segments. It will establish a more professional team to incubate and re-develop Stan Lee-related IPs so as to create top IPs with greater commercial value. The Group will also effectively boost the capability to develop IP derived products through a more specialised team so as to launch more attractive IP derived products. As to the marketing and branding business, the Group will further optimise the existing credit card business-oriented marketing solutions so as to promote the solutions to other financial institutions. In terms of the theme events and theme park operation and management business, the Group will concentrate on enhancing the specialisation of its teams and the operation and management efficiency so as to support the expansion of the relevant business in the future more effectively.

While consolidating and enhancing the existing businesses, the Group will also start or acquire proper new IP related businesses when appropriate based on its strategic development direction and business development model, in order to further enrich its industry chain and promote faster business development.

Finally, on behalf of the Board, I would like to express my sincere gratitude to our customers, shareholders, investors, business partners and each and every of our hardworking staff for their continuous support!

Liu Hui
Executive Director
Hong Kong, 14 January 2021

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group's principal businesses consist of IP driven pan-entertainment IP licensing and comprehensive services (including IP licensing and content creation, theme events services, marketing services) and sales and distribution of IP derived products and mobile devices (collectively, "Continuing Operations"), as well as pure assembly services and procurement and assembly services ("Discontinued Operations") that was unloaded on 19 November 2018.

For details of the Group's business development and review during the Year, please refer to the paragraph headed "Business development" under the section headed "Executive Director's statement" above.

Reference is made to the announcement of the Company dated 5 July 2019 in relation to the holding of Ms. Lo, the former Chairman and an executive Director in criminal custody by the Yangpu Branch of the Shanghai Public Security Bureau in the PRC. The Chinese police searched an office premises of Ms. Lo in Guangzhou, the PRC and seized certain documents (comprising documents both related and unrelated to the Group) kept there. After making reasonable inquiries about this situation, the Company learned that most of the accounting records involved in the operation of the Group were seized by the police as well. In view of this, this section is about the discussion and analysis performed by the management with a prudent attitude.

FINANCIAL REVIEW

Income statement review

	2019	2018	**YoY Growth/Decline**	
	HK$'000	*HK$'000*	*HK$'000*	*%*
Revenue	**2,849,599**	3,443,661	(594,062)	–17.3%
Continuing Operations	**2,662,267**	2,920,435	(258,168)	–8.8%
Discontinued Operations	**187,332**	523,226	(335,894)	–64.2%
Gross profit	**276,857**	241,146	35,711	14.8%
Continuing Operations	**261,950**	212,096	49,854	23.5%
Discontinued Operations	**14,907**	29,050	(14,143)	–48.7%
Profit/(Loss) for the Year	**(634,488)**	85,996	(720,484)	–837.8%
Continuing Operations	**(674,949)**	116,527	(791,476)	–679.2%
Discontinued Operations	**40,461**	(30,531)	70,992	232.5%
Basic (loss)/earnings per share *(HK$)*	**(0.58)**	0.08	(0.66)	–825.0%

Management Discussion and Analysis

During the Year, the Group realised revenue from Continuing Operations and Discontinued Operations of approximately HK$2.8 billion, a yoy decrease of around approximately 17.3%. Its gross profit increased approximately 14.8% yoy to approximately HK$276.9 million, with gross profit margin up 2.7 percentage points yoy to around approximately 9.7%. The Group incurred a loss of approximately HK$634.5 million, down approximately 837.8% yoy. The decline is largely because that the management who maintained a prudent attitude made significant impairment of goodwill during the Year and made significant provisions for impairment of trade receivables and prepayments. It recorded a basic loss per share of approximately HK$0.58, a decrease of approximately 825.0% yoy.

Revenue from Continuing Operations amounted to approximately HK$2.7 billion, a decline of approximately 8.8% yoy. Gross profit from continuing operations jumped around approximately 23.5% yoy to approximately HK$262.0 million. It recorded a loss of approximately HK$674.9 million from Continuing Operations, down approximately 679.2% yoy.

	2019			2018		
	Revenue	**Segment Loss**	**Segment result Margin**	Revenue	Segment Profit	Segment result Margin
	HK$'000	***HK$'000***	***%***	*HK$'000*	*HK$'000*	*%*
IP licensing and comprehensive services	**169,794**	**(74,685)**	**–44.0%**	127,846	60,819	47.6%
Sales and distribution of IP derived products and mobile devices	**2,492,473**	**(488,774)**	**–19.6%**	2,792,589	151,277	5.4%
Total	**2,662,267**	**(563,495)**	**–21.2%**	2,920,435	212,096	7.3%

Revenue from its IP licensing and comprehensive services stood at approximately HK$169.8 million, yoy up 32.8%. The rapid development of this business segment was driven by the increase in revenue from Theme events services and Marketing services, as shown below:

	2019 Revenue	2018 Revenue	**YoY Growth/Decline**	
	HK$'000	*HK$'000*	*HK$'000*	*%*
IP licensing and content creation	**31,146**	78,226	(47,080)	–60.2%
Theme events services	**95,849**	29,581	66,268	224.0%
Marketing services	**42,799**	20,039	22,760	113.6%
Total	**169,794**	127,846	41,948	32.8%

During the Year, revenue from licensing and content creation business amounted to approximately HK$31.1 million, a decrease of approximately HK$47.1 million or approximately 60.2% yoy. The main reason is that the Group adjusted its strategies and increased investments in theme events services and marketing services. Revenue from theme events services and marketing services rose approximately 224.0% and approximately 113.6% yoy to HK$95.8 million and HK$42.8 million, respectively.

The IP licensing and comprehensive services segment posted a loss of approximately HK$74.7 million, a decrease of approximately HK$135.5 million or approximately 222.8% yoy, which was caused by the impairment of POW! Entertainment's goodwill (equivalent to approximately HK$56.6 million; 2018: nil), and the wrote of trade receivables and prepayments.

The sales and distribution of IP derived products and mobile devices segment recorded revenue of approximately HK$2.5 billion, down approximately HK$300.1 million or approximately 10.7% yoy. The segment posted a loss of approximately HK$488.8 million, a yoy decline of approximately HK$640.1 million or 423.1%, which was due to the impairment of trade and other receivables (equivalent to approximately HK$676.7 million; 2018: approximately HK$7.1 million).

BALANCE SHEET REVIEW

As of the end of the Year, the Group's total assets amounted to approximately HK$95.3 million, down 88.1% yoy. As mentioned above, most of the accounting records involved in the operation of the Group were seized by the police. The management maintained a prudent attitude and wrote off of goodwill, trade and other receivables and prepayments by approximately HK$56.6 million, HK$676.7 million and 69.1 million, respectively during the Year. Due to this, the Group recorded net liabilities of approximately HK$118.2 million as of the end of the Year.

FUTURE PLANS

Looking into the future, the Group will further integrate its internal and external resources, aiming to strive to launch competitive products and services across its business segments. For details of the Group's future plans, please refer to the paragraph headed "Future outlook" under the section headed "Executive Director's statement" above.

FURTHER INFORMATION IN RESPECT OF AUDITOR'S DISCLAIMER OF OPINION

As disclosed in the Independent Auditor's Report, the auditor of the Company (the "Auditor") issued a disclaimer of opinion on the consolidated financial statements of the Group for the year ended 30 June 2019. The matters giving rise to such disclaimer of opinion (the "Audit Modifications") related to a) limited accounting books and records of the Group; b) commitments and contingent liabilities; c) related party transactions and balances; and d) material uncertainty on going concern basis.

Further information in respect of the Audit Modifications are set out below:

(a) Limited accounting books and records of the Group

Details of the Audit Modification

Due to the insufficiency of supporting documentation and explanations for accounting books and records in respect of the Group for the years ended 30 June 2019 and 2018, the Auditor was unable to carry out audit procedures to satisfy themselves as to whether the income and expenses for the years ended 30 June 2019 and 2018 and the assets and liabilities as at those dates, and the segment information and other related disclosure notes in relation to the Group, as included in the consolidated financial statements of the Group, have been accurately recorded and properly accounted for in the consolidated financial statements.

Management's position and basis on major judgmental areas

As disclosed in announcements of the Company dated 18 July 2019, most of the accounting records of the Group (including but not limited to the Relevant Subsidiaries whose bank accounts have been restricted for use and business operations were temporarily halted) had been seized by the police in the PRC. Therefore, the Group cannot provide sufficient supporting documentation and explanations for accounting books and records in respect of the Group for the years ended 30 June 2019 and 2018.

Although the materials provided by the Group cannot fulfill the requirement of audit procedures, the Group has provided the management accounts ended 30 June 2019 to the Auditor, which was prepared based on daily operation and previous financial statements and included the impairment and write-off under prudent basis.

In addition, most of the accounting records of the Group had been seized by the police in the PRC at the end of June 2019, which was the end of the financial year ended 30 June 2019. In order to fulfill the timetable of the audit, the Group had begun to prepare the management account for the financial year ended 30 June 2019 in advance at that time. Therefore, the Management considers that most of financials displayed on management accounts had a reasonable basis.

Accordingly, the Management believes that these management accounts can truly reflect the financial performance of the Group for the financial year ended 30 June 2019.

Audit Committee's view

The audit committee of the Company (the "Audit Committee") reviewed the Audit Modification in respect of limited accounting books and records of the Group and discussed with Management and the Auditor. The Audit Committee concurs with Management's view.

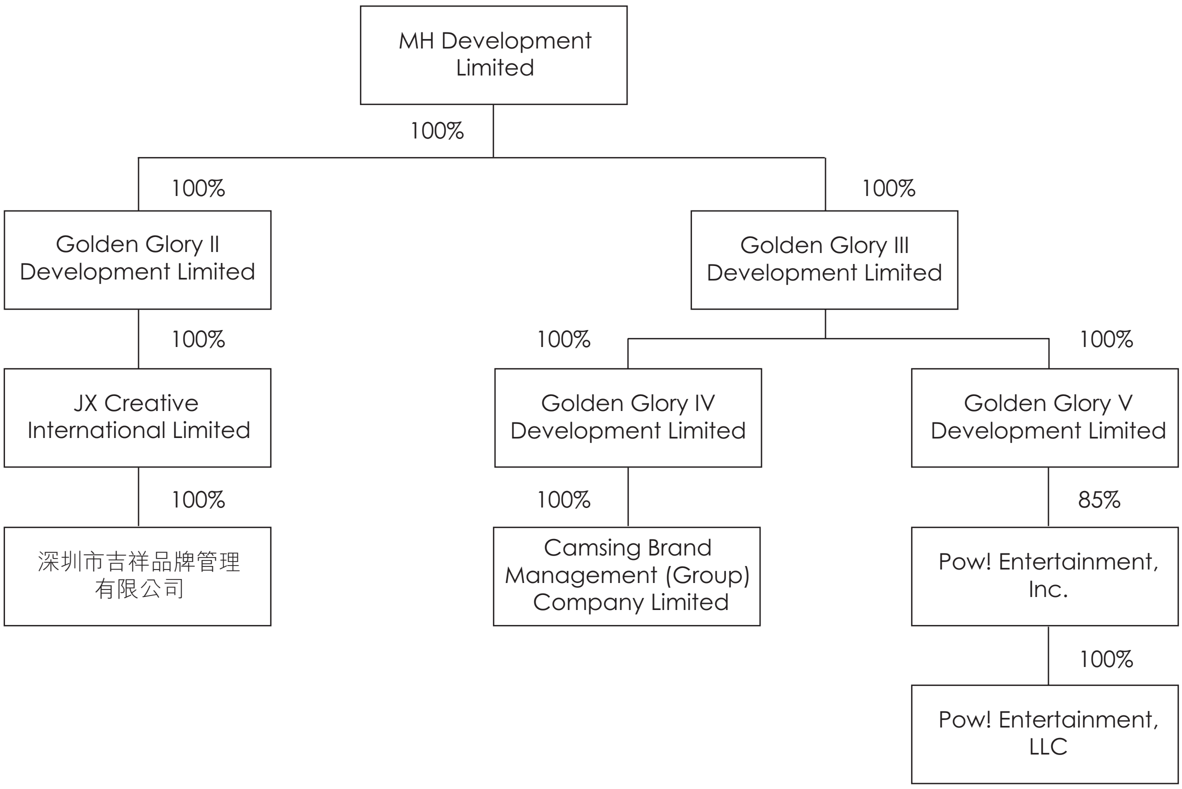
Action Plan

For the purpose of clear separation of the subsidiaries whose accounting books and records had been seized by the police in the PRC from POW and establishing new subsidiaries to continue the Group's existing IP Related Business, the Company has implemented and completed the corporate restructuring and disposal of certain subsidiaries ("Disposal Subsidiaries") with their financial information expected to be qualified by the Auditor.

The Disposal Subsidiaries comprise Greater Brand Limited and its subsidiaries, including:

1. 深圳市貿隆興貿易有限公司;
2. 奇承（廣州）景區管理有限公司;
3. 廣州承興體育發展有限公司;
4. 廣州燦宏供應鏈管理有限公司;
5. 蘇州環穀通訊設備貿易有限公司;
6. 廣州澤展市場營銷有限公司;
7. First Creative International Limited;
8. 廣州仁宏市場營銷有限公司;
9. 廣州波音達品牌管理有限公司; and
10. 奇摩品牌顧問（北京）有限公司.

The abovementioned disposal has been completed on 15 January 2021.The following chart depicts the corporate structure of the Group immediately following the completion of the disposal:



Given that the restructuring of the Group is completed, it is expected that such condition will not happen again and this Audit Modification can be addressed in the future as mentioned below.

(b) Commitments and contingent liabilities

Details of the Audit Modification

No sufficient evidence has been provided to satisfy the Auditor's requirement as to the existence and completeness of the disclosures of commitments and contingent liabilities as at 30 June 2019 and 2018.

Management's position and basis on major judgmental areas

As disclosed above, most of the accounting records of the Group (including but not limited to the Relevant Subsidiaries whose bank accounts have been restricted for use and business operations were temporarily halted) had been seized by the police in the PRC. Therefore, the Group cannot provide sufficient supporting documentation and explanations for commitments and contingent liabilities in respect of the Group for the years ended 30 June 2019 and 2018.

Although the materials provided by the Group cannot fulfill the requirement of audit procedures, the Group has provided the management accounts ended 30 June 2019 to the Auditor, which was prepared based on daily operation and previous financial statements. As the reasons mentioned above, the Management believes that these such management accounts can truly reflect the financial performance of the Group for the financial year ended 30 June 2019, including the commitments and contingent liabilities.

Except for the liabilities displayed in the audit report, the Management did not aware any commitments and contingent liabilities as at the date of 30 June 2019.

Audit Committee's view

The Audit Committee reviewed the Audit Modification in respect of commitments and contingent liabilities of the Group and discussed with Management and the Auditor. The Audit Committee concurs with Management's view.

Action Plan

Given that the Group has implemented and completed the corporate restructuring and disposal of Disposal Subsidiaries with their financial information expected to be qualified by the Auditor, it is expected that such condition will not happen again and this Audit Modification can be addressed in the future as mentioned below.

(c) Related party transactions and balances

Details of the Audit Modification

No sufficient evidence has been provided to satisfy the Auditor's requirement as to the existence and completeness of the disclosures of the related party transactions for the years ended 30 June 2019 and 2018 and the balances as at those dates as required by Hong Kong Accounting Standard 24 (Revised) "Related Party Disclosures".

Management's position and basis on major judgmental areas

As disclosed above, most of the accounting records of the Group (including but not limited to the Relevant Subsidiaries whose bank accounts have been restricted for use and business operations were temporarily halted) had been seized by the police in the PRC. Therefore, the Group cannot provide sufficient supporting documentation and explanations for related party transactions and balances in respect of the Group for the years ended 30 June 2019 and 2018.

Although the materials provided by the Group cannot fulfill the requirement of audit procedures, the Group has provided the management accounts ended 30 June 2019 to the Auditor, which was prepared based on daily operation and previous financial statements. As the reasons mentioned above, the Management believes that these such management accounts can truly reflect the financial performance of the Group for the financial year ended 30 June 2019, including related party transactions and balances.

For the prudent purpose, the Group had written off the account receivables with Ms. Lo and/or her companies. The Management believes that such account receivables were hard to settle because most of counterparties have halted their business after Ms. Lo was arrested.

Audit Committee's view

The Audit Committee reviewed the Audit Modification in respect of related party transactions and balances of the Group and discussed with Management and the Auditor. The Audit Committee concurs with Management's view.

Management Discussion and Analysis

Action Plan

Given that the Group has implemented and completed the corporate restructuring and disposal of Disposal Subsidiaries with their financial information expected to be qualified by the Auditor, it is expected that such condition will not happen again and this Audit Modification can be addressed in the future as timetable mentioned below.

(d) Material uncertainty on going concern basis

Details of the Audit Modification

The Group incurred loss attributable to owners of the Company from continuing operations of approximately HK$664,006,000 for the year ended 30 June 2019 and as at 30 June 2019, the Group had net liabilities of approximately HK$118,197,000 and net current liabilities of approximately HK$167,852,000. Also the Group recorded net cash outflows in operating activities of approximately HK$128,571,000 for the year ended 30 June 2019.

These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern.

Management's position and basis on major judgmental areas

In order to operate the Company's business continuously, the Company adopted the following measures:

(1) Applied cost control measures in cost of sales, administrative expenses and capital expenditures.

(2) Conducted fund raising activities. As disclosed in the announcements of the Company dated 18 September 2020, 16 October 2020 and 1 December 2020, and the announcement in relation to latest quarterly update on status of resumption of the Group dated 18 January 2021, total amount of HK$2,000,000 of unsecured loan facility with terms of interest rate of of 10% p.a. and repayable on 31 May 2021 and total amount of HK$18,000,000 of secured loan facility with terms of interest rate of 10% p.a. and repayable on 15 June 2021 have been granted by a then independent third party, namely Runjing Holdings Limited, a company wholly owned by Mr. Shen Yang who become an executive director since 16 October 2020. Up to the reporting date, the unsecured loan of HK$2,000,000 and the secured loan of HK$18,000,000 were drawn down by the Company.

(3) Resumed business operation after receiving the loan. The Group has continued to use its best endeavours to resume and expand its operations regarding its IP Related Business. As at the date of this annual report, the Group has entered into 16 contracts which are mostly long-term business contracts with independent third party customers, including 2 contracts for IP licensing business, 6 contracts for IP marketing business, and 8 contracts for sale and distribution of IP derived products and mobile devices business. These contracts locked a total amount of approximately HK$50.6 million revenue, which is crucial for the Group's business.

The Management considers that although the Group experienced a bad financial performance for the financial year ended 30 June 2019 and maintained the corporate operation at the lowest level in the past, the Group has successfully rescued itself by fund raising and resuming business since October 2020.

Audit Committee's view

The Audit Committee reviewed the Audit Modification in respect of material uncertainty on going concern basis of the Group and discussed with Management and the Auditor. The Audit Committee concurs with Management's view.

Action Plan

Given that the Group has conducted the fund raising and has continued to use its best endeavours to resume and expand its operations regarding its IP Related Business, the Board believes that the Group has a viable and sustainable business as a whole and will be operating in full compliance with Rule 13.24 of the Listing Rules. The Group will continue with its endeavours to operate its business.

If the Auditor is going to be satisfied on their audit workdone in relation to financial position and financial performance of the remaining group entities of the Company for the year ending 30 June 2021, it is expected that the potential audit modified qualification on the consolidated financial statements of the coming years are as follows:

For the audit on the consolidated financial statements of the Company for the year ending 30 June 2021

Modified opinion would be expected to be issued on the (i) profit or loss effect during the year ending 30 June 2021 on gain/loss on the disposal/deregistration of the Disposal Subsidiaries; and (ii) the opening balance (being as at 1 July 2020) assets and liabilities and the comparative profit or loss (being for the year ended 30 June 2020) of the Disposal Subsidiaries included in the comparative figures in the financial statements of the Company for the year ending 30 June 2021 based on the abovementioned assumption.

For the audit on the consolidated financial statements of the Company for the year ending 30 June 2022

Modified opinion would be expected to be issued on the profit or loss effect during the year ending 30 June 2021 (included in the comparative figure of the financial information for the financial information for the year ending 30 June 2022) on gain/loss on the disposal/deregistration of the Disposal Subsidiaries based on the abovementioned assumption.

For the audit on the consolidated financial statements of the Company for the year ending 30 June 2023

None of modified opinion would be expected to be issued based on the abovementioned assumption.

As illustrated above, the Management considers that although the financial results are subject to audit modifications, it is expected that such audit modifications can be addressed by the Company.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Ms. Lo Ching, aged 49, was appointed as an Executive Director and the Chairman of the Board on 21 January 2016. The office of Ms. Lo as the Chairman and an executive Director has been vacated on 22 September 2020. Following the vacation of Ms. Lo's office as the Chairman and an executive Director, she also ceased to be a member of the nomination committee of the Board on 22 September 2020.

Ms. Liu Hui, aged 50, was appointed as an executive Director on 21 January 2016. Ms. Liu is also an executive Director of Camsing Healthcare Limited, a company listed on the Singapore Exchange Securities Trading Limited (the "SGX-ST") (stock code :BAC). Prior joining the Group, she had worked at 北京大地科技實業總公司 (Beijing Dadi Technology Company Limited*), 寧都創業投資有限公司 (Ningdu Venture Investment Company Limited*) and Cinda Securities Company Limited. Ms. Liu is also a member of China Entrepreneur Mulan Club. She received an Executive Master of Business Administration degree from the HEC School of Management in Paris.

Mr. Guo Ben, aged 35, was appointed as an executive Director on 22 September 2020. Mr. Guo has over eight years of experience in the fund management industry and the media industry. From November 2011 to December 2015, Mr. Guo worked in Synergy Media Investment Management Co., Ltd. (上海盛典英華投資管理有限公司) with his last position being the investment director. From January 2016 to July 2017, Mr. Guo worked in Shanghai Huaiting Cultural Communication Co., Ltd.* (上海懷挺文化傳播有限公司) as the general manager and was mainly responsible for organising concerts in the PRC and Hong Kong and the overall management of the company. Since August 2017, he has been the general manager of Beijing Auspicious Impression Media Co., Ltd.* (北京吉祥印像傳媒有限公司) and is primarily responsible for establishing funds in the film and television culture media industry. In April 2016, Mr. Guo passed the examinations organised by Asset Management Association of China in relation to the qualification for engaging in the fund business. Mr. Guo graduated from China University of Mining and Technology (Beijing) with a Bachelor's degree in Marketing in July 2007. He further obtained a Master's degree in Science (Management) from University of Liverpool in December 2010.

Mr. Shen Yang, aged 41, was appointed as an executive Director on 16 October 2020. Mr. Shen has over five years of experience in investment and operation management in the pan-cultural entertainment industry. Mr. Shen has been the president of Jiangsu Xinde Holdings Co., Ltd.* (江蘇信德控股有限公司) since 2014, the supervisor of Shanghai Lianchen Investment Management Co., Ltd.* (上海聯臣投資管理有限公司) since May 2016, and the president of Shanghai Xinde Hongye Enterprise Management Group Co., Ltd.* (上海信德鴻業企業管理集團有限公司) since January 2017. From August 2016 to January 2017, Mr. Shen also served as the chairman of Shanghai Liyumen Supply Chain Management Co., Ltd.* (上海鯉魚門供應鏈管理股份有限公司).

* *for identification purpose*

Biographical Details of Directors and Senior Management

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Lei Jun, aged 50, was appointed as an independent non-executive Director on 21 January 2016. Mr. Lei resigned as an independent non-executive Director on 3 December 2019. Following his resignation, Mr. Lei ceased to be the chairman of the nomination committee, and a member of each of the audit committee and remuneration committee of the Board.

Mr. Ross Yu Limjoco, aged 51, was appointed as an independent non-executive Director on 31 May 2016. Mr. Limjoco is Chief Financial Officer of North Star Technology Group Pte. Ltd. since October 2019 and advisor of BS Groups (Asian) Pte Ltd since August 2019. He is an independent director and chairman of remuneration committee of CFM Holdings Limited since July 2019. He was an independent director of IPCO International Limited, a company listed on the SGX-ST (stock code: I11), up to 2 August 2017. He is an independent director of Hubei Zhong Liang Huan Energy Management Co., Ltd (湖北綜聯桓能源投資管理股份有限公司), a company listed on the National Equities Exchange and Quotations System ("NEEQ") in the PRC (NEEQ is also commonly known as 新三板 (The New Third Board) (stock code: 833823)). He was an assurance and M&A director of Nexia TS Advisory Pte Ltd. He was the managing director of TMS Capital Advisory Limited from May 2014 to March 2016. From 2012 to 2014, he was the chief financial officer and joint company secretary of PSL Holdings Limited, a company listed on the SGX-ST (stock code: BLL). Mr. Limjoco holds a Bachelor of Science in Business Administration degree with a major in accounting from the Philippine School of Business Administration. He is a Practicing Member of the Institute of Singapore Chartered Accountants, a Certified Fraud Examiner, a Chartered Valuer and Appraiser and a member of each of the Philippine Institute of Certified Public Accountants and International Association of Consultants, Valuators and Analysts.

Mr. Zheng Yilei, aged 41, was appointed as an independent non-executive Director of the Company on 31 May 2016. Mr. Zheng currently is a senior partner of Tian Yuan Law Firm, a law firm in the PRC. He has been in the legal practice for 15 years. He started his legal profession in King & Wood Shanghai Office from 2003 to 2006. From 2006 to 2008, he worked for Jones Day Shanghai Office as a senior PRC legal counsel. Afterwards, he joined Fangda Partners as a senior associate until 2011. Since 2011, he worked as a partner in Jingtian & Gongcheng. In 2018, he joined Tian Yuan Law Firm. Mr. Zheng obtained a Bachelor of Law degree from Peking University Law School in 2001. He holds a Master's Degree in Law from Transnational Law & Business University and also a Master's Degree in Law from the Law School of University of California, Berkeley.

Biographical Details of Directors and Senior Management

SENIOR MANAGEMENT

Ms. Jie Jing, was the former Chief Marketing Officer of the Group, and she was appointed as the Chief Executive Officer of the Company since 1 February 2019. Ms. Jie is responsible for the Group's daily operations and management. She has more than 20 years of experience in sales and marketing and customer relations, and held various positions at well-known institutions such as China Guangfa Bank, China CITIC Bank, United Airlines and MasterCard.

Mr. Stan Lee, was the former Chief Creative Officer of the Group during the Year, and passed away in November 2018. Mr. Stan Lee was responsible for the IP design team of the Group which was engaged to the creation and development of the IPs before he passed away.

Mr. Leo Lee, was the former Chief Operating Officer of the Group during the Year, and he resigned from the Group on February 2019. Mr. Lee was responsible for the Group's overall IP operation including the development and sales of IP derived products before his resignation.

Mr. Song Ankun, was the former Chief Financial Officer of the Group during the Year, and he left the Group in December 2019. Mr. Song was responsible for the finance and internal control of the Group before he left the Group.

Ms. Jiang Qianya, was the former Content Development and Licensing Director of the Group during the Year, and she resigned from the Group on July 2019. Ms. Jiang was responsible for the Group's content development and licensing business before her resignation.

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICES

The Group is committed to maintaining and ensuring a high level of corporate governance standards and continuously reviews and improves our corporate governance and internal control practices. We believe that corporate governance in a commercial and profit-making organisation is about promoting fairness, transparency, accountability and responsibility. Therefore, it is necessary to direct greater or additional efforts towards enhancing managerial transparency by improving and strengthening disclosure requirements, in order to have better and stronger corporate governance. The following paragraphs set out the principles of corporate governance as adopted by the Group during the reporting year.

The Board confirms that the Group has complied with all the code provisions of the Corporate Governance Code and Corporate Governance Report (the "CG Code") except for the deviations as stated in this report.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Under Provision A.2.1 of the CG Code, the roles of chairman and chief executive officer should be separated and should not be performed by the same individual.

Before 1 February 2019, Ms. Lo Ching serves as the Chairman and also acts as Chief Executive Officer of the Company, which constitutes a deviation from Code Provision A.2.1. The Board is of the view that vesting both roles in Ms. Lo will allow for more effective planning and execution of business strategies. As all major decisions are made in consultation with the members of the Board, and there were three independent non-executive Directors on the Board offering independent advices, the Board believes that there were adequate safeguards in place to ensure sufficient balance of powers within the Board.

However, as the Company appointed Ms. Jie Jing as the Chief Executive Officer of the Company on 1 February 2019, Ms. Lo ceased to be the Chief Executive Officer of the Company. Thereafter, the Company has met code provision A.2.1 of the CG Code.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

During the year ended 30 June 2019, each of Mr. Lei Jun, Mr. Ross Yu Limjoco and Mr. Zheng Yilei, being an independent non-executive Director was appointed for a specific term of one year and subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Company's Articles of Association (the "Articles").

All Directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after their appointment. Every executive Director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

The Board established nomination committee for the selection and recommendation of candidates for directorships of the Company. The nomination committee shall, base on appropriate experience, personal skills and time commitments, among others, identify and recommend the proposed candidate to the Board for approval.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the "Model Code for Securities Transactions by Directors of Listed Issuers" (the "Model Code") as set out in Appendix 10 of the Rules governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") as the code for dealing in securities of the Group by the Directors. Having made specified enquiry, the Company confirmed that all Directors have complied with the required standard as set out in the Model Code during the year ended 30 June 2019.

Corporate Governance Report

BOARD OF DIRECTORS

The Board is responsible for leadership and control of the Group and is collectively responsible for promoting the success of the Group by directing and supervising the Group's affairs. The principal focus of the Board is on the overall strategic development of the Group. The Board also monitors the financial performance and internal controls of the Group's business operations. The executive Directors, constituting the senior management of the Company, are delegated with responsibilities in the day-to-day management of the Company and make operational and business decisions within the control and delegation framework of the Company.

During the year ended 30 June 2019, the Board comprises two executive Directors, namely Ms. Lo Ching (vacated on 22 September 2020) and Ms. Liu Hui and three Independent non-executive Directors, Mr. Lei Jun (resigned on 3 December 2019), Mr. Ross Yu Limjoco and Mr. Zheng Yilei. The members of the Board have no financial, business, family or other material/relevant relationships with each other.

Biographical details of the Directors are set out in the section of "Biographical Details of Directors and Senior Management" on pages 14 to 16.

The Company has received from each of Mr. Ross Yu Limjoco and Mr. Zheng Yilei, the independent non-executive Directors an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all the Independent non-executive directors to be independent.

During the year ended 30 June 2019, the Directors have made active contribution to the affairs of the Group and four board meetings and one general meeting were held. Details of the Directors' attendance records are set out as follow:

Directors	No. of Eligible Board Meetings Attended/Held	No. of Eligible General Meeting Attended/Held
Executive Directors		
Ms. Lo Ching *(Chairman)*	4/4	1/1
Ms. Liu Hui	4/4	1/1
Independent Non-Executive Directors		
Mr. Lei Jun	4/4	1/1
Mr. Ross Yu Limjoco	4/4	1/1
Mr. Zheng Yilei	4/4	1/1

The Board also held a board meeting on 14 January 2020 to review and consider, inter alias, the audited financial statements of the Group for the year ended 30 June 2019, internal control and risk management systems and certain corporate governance matters in accordance with Paragraph D3 of the CG Code.

Every newly appointed Director shall receive a comprehensive, formal and tailored induction on the first occasion of his appointment. All Directors shall be updated and briefed on continuing professional development as is necessary to ensure that they have a proper understanding of the operations and the business of the Company and that they are fully aware of their responsibilities under the applicable laws and regulations. The Board has a procedure for Directors, either individually or as a group, in the furtherance of their duties, to take independent professional advice, if necessary, at the Company's expenses to enable and facilitate the Directors to make well considered decisions. Appropriate insurance coverage for Directors' and officers' liability has been arranged against possibility of legal action to be taken against the Directors and the management.

According to A.6.5 of the CG Code, Directors should participate in appropriate continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant.

During the year ended 30 June 2019, the Directors also participated in the following trainings:

Name of Directors	Attending or Participating in the Briefing Sessions/ Seminars/ Programs relevant to the Business/
Executive Directors	
Ms. Lo Ching	
(vacated on 22 September 2020)	✓
Ms. Liu Hui	✓
Independent Non-Executive Directors	
Mr. Lei Jun	
(resigned on 3 December 2019)	✓
Mr. Ross Yu Limjoco	✓
Mr. Zheng Yilei	✓

BOARD DIVERSITY POLICY

The Board has adopted a board diversity policy which sets out the approach to achieve a sustainable and balanced development of the Company and also to enhance the quality of performance of the Company.

The Company seeks to achieve board diversity through the consideration of a number of factors, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service.

The Nomination Committee has considered the current composition of the Board maintain in appropriate range and reflects the balance of skills, educational background, experience and diversity of perspectives desirable for the effective management of the Company.

Selection of candidates will be based on a range of diversity perspectives as stated above. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

AUDIT COMMITTEE

The Company has formed an audit committee (the "Audit Committee") to assist the Board in providing an independent review of the effectiveness of the financial reporting process, internal control and risk management systems of the Company. During the year ended 30 June 2019, The committee comprises Mr. Ross Yu Limjoco as Chairman, Mr. Lei Jun, and Mr. Zheng Yilei, all of whom are independent non-executive Directors. The Audit Committee is provided with sufficient resources to discharge its duties, meets regularly with the management and external auditors, and reviews their reports.

During the year ended 30 June 2019, the Audit Committee held two meetings with respect to discussing matters regarding internal control and financial reporting (including the interim results before proposing them to the Board for approval) with the management and external auditors. Since certain accounting records of the Group were seized by the police due to Ms. Lo's custody, there were no annual results of the Group for the Year presented to the Audit Committee for review during the Year. The Audit Committee has subsequently reviewed the audited consolidated financial statements of the Group for the Year in January 2021.

Corporate Governance Report

Attendance records of each Audit Committee Member are set out as follows:

Audit Committee Members	No. of Eligible Meetings Attended/Held
Mr. Ross Yu Limjoco *(Chairman)*	2/2
Mr. Lei Jun (resigned on 3 December 2019)	2/2
Mr. Zheng Yilei	2/2

The duties of the Audit Committee shall be:

(a) to be primarily responsible for making recommendation to the Board on the appointment, reappointment and removal of external auditors, to approve the remuneration and terms of engagement of external auditors, and to deal with any questions of resignation or dismissal of external auditors;

(b) to consider the plan for each year's audit submitted by external auditors and to discuss the same at a meeting if necessary;

(c) to review and monitor external auditors' independence and objectivity;

(d) to discuss with auditors the nature and scope of the audit and reporting obligations before the audit commences;

(e) to develop and implement policy on the engagement of external auditors to provide non-audit services.

(f) to review the financial statements of the Company and the Company's annual report and accounts and half-year report, and to review significant financial reporting judgments contained in them. In this regard, in reviewing the Company's annual report and accounts and half-year report before submission to the Board, the Committee should focus particularly on:

(i) any changes to accounting policies and practices;

(ii) major judgmental areas;

(iii) significant adjustments resulting from audit;

(iv) the going concern assumptions and any qualifications;

(v) compliance with accounting standards; and

(vi) compliance with requirements under the Listing Rules and other regulatory and legal requirements.

(g) to review the Company's financial control, internal control and risk management systems;

(h) to discuss with the management the system of internal control and ensure that management has discharged its duty to have an effective internal control system;

(i) to consider any findings of major investigations of internal control matters as delegated by the Board or on its own initiative and management's response;

(j) to ensure co-ordination between the internal and external auditors, and to ensure that the internal audit function is adequately resourced and has appropriate standing within the Company, and to review and monitor the effectiveness of the internal audit function;

(k) to review the Group's financial and accounting policies and practices.

REMUNERATION COMMITTEE

The Board established the remuneration committee (the "Remuneration Committee") and the Board adopted the new terms of reference of the Remuneration Committee in alignment with the mandatory provisions set out in the CG Code.

The principal responsibilities of the Remuneration Committee include making recommendations to the Board on the Group's policy and structure for all remuneration of Directors and senior management and reviewing specific remuneration packages of all executive Directors and senior management of the Group.

During the year ended 30 June 2019, the Remuneration Committee comprises three independent non-executive Directors, namely, Mr. Zheng Yilei as the Chairman, Mr. Lei Jun (resigned on 3 December 2019) and Mr. Ross Yu Limjoco.

During the year ended 30 June 2019, the Remuneration Committee, reviewed and made recommendation to the Board for final determination, of the remuneration packages of the executive Directors and the Directors' fee of the independent non-executive Directors, and approved the terms of executive Directors' service contracts.

The Remuneration Committee held one meeting for the year ended 30 June 2019. The attendance records of each Remuneration Committee Member are set out as follows:

Remuneration Committee Members	No. of Eligible Meeting Attended/Held
Mr. Zheng Yilei *(Chairman)*	1/1
Mr. Lei Jun (resigned on 3 December 2019)	1/1
Mr. Ross Yu Limjoco	1/1

NOMINATION COMMITTEE

The Board established the nomination committee (the "Nomination Committee") with the written terms of reference based as suggested under the new CG code.

The duties of the Nomination Committee are to review the structure, size and composition of the Board, to identify individuals suitably qualified to become Board members, to assess the independence of independent non-executive Directors, to select or make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the Chairman and Chief Executive Officer, and to determine policy concerning diversity of the Board members.

During the year ended 30 June 2019, the Nomination Committee comprises two independent non-executive Directors, namely Mr. Lei Jun (resigned on 3 December 2019) as the Chairman and Mr. Zheng Yilei, and one executive Director Ms. Lo Ching (vacated on 22 September 2020). The Board is satisfied that these Directors possess relevant qualifications and management expertise to enable them to discharge fully the duties of the Nomination Committee.

During the year ended 30 June 2019, the Nomination Committee reviewed the structure, size and composition of the Board, assessed the independence of independent non-executive Directors, and nominated the re-appointment of Directors.

Corporate Governance Report

The Nomination Committee held one meeting for the year ended 30 June 2019. The attendance records of each Nomination Committee Member are set out follows:

Nomination Committee Members	No. of Eligible Meeting Attended/Held
Mr. Lei Jun *(Chairman)* (resigned on 3 December 2019)	1/1
Mr. Zheng Yilei	1/1
Ms. Lo Ching (vacated on 22 September 2020)	1/1

CORPORATE GOVERNANCE FUNCTIONS

The Board did not establish a corporate governance committee. During the Year, the Board has (i) reviewed the Company's policies and practices on corporate governance and made relevant recommendations; (ii) reviewed and monitored the training and continuous professional development of the Directors; (iii) reviewed and monitored the Company's policies and practices on compliance with legal and regulatory requirements; (iv) reviewed and monitored the code of conduct applicable to employees and Directors; and (v) reviewed the Company's compliance with the CG Code and disclosure in this report.

AUDITOR'S REMUNERATION

The Audit Committee of the Group is responsible for considering the appointment of external auditor and reviewing any non-audit functions performed by external auditors. During the Year under review, approximately HK$2,360,000 is payable to the external auditor for their services, of which approximately HK$80,000 was paid for non-audit services performed.

On 6 March 2020, Deloitte Touche Tohmatsu has resigned as the auditor of the Company. On 9 November 2020, ZHONGHUI ANDA CPA Limited has been appointed as the auditor of the Company to fill the vacancy occasioned by the resignation of Deloitte Touche Tohmatsu and to hold office until the conclusion of the forthcoming annual general meeting of the Company. The Board and the Audit Committee have confirmed that there is no disagreement between the Company and Deloitte Touche Tohmatsu.

ACCOUNTABILITY AND AUDIT

The Board acknowledges its responsibility to prepare consolidated financial statements for each financial year which give a true and fair view of the affairs of the Group. Pursuant to code provisions C.1.1 and C.1.2, management should provide sufficient explanation and information to the Board to enable it to make an informed assessment of financial and other information put before it for approval and provide the Board with monthly updates giving a balanced and understandable assessment of the Company's performance, position and prospects in sufficient detail to enable the Board as a whole and each Director to discharge their duties. Since certain accounting records of the Group were seized by the police due to Ms. Lo's custody, the Group was unable to prepare for its annual results. Due to the above reasons, there were no annual results of the Group for the Year presented to regular Board meetings for approval.

The Board acknowledges its responsibility to present a balanced, clear and understandable assessment in the Group's annual and interim reports, price sensitive announcements and financial disclosures required under the Listing Rules, and reports to the regulators as well as information required to be disclosed pursuant to statutory requirements.

INTERNAL CONTROL

The Board and the Audit Committee conducted an annual review on the system of internal control and risk management of the Group and its effectiveness of the risk management and internal control systems of the Group, which covered the financial, operational, human resources and administration, compliance controls and risk management functions, and considered them effective and adequate. The Board is committed to implementing an effective and sound internal control system to safeguard the interest of shareholders and the Group's assets. The Board had considered the adequacy of resources, staff qualifications and experience, training programs and budget of the Company's accounting and financial reporting function.

The Group has appointed an independent third party to perform internal audits for the Group. The Board and the Audit Committee reviewed business functions in the Group on a systematic and ongoing basis.

COMPANY SECRETARY

Mr. Fung Nam Shan was nominated by an external service provider as the Company Secretary, and his primary corporate contact person is Ms. Lo Ching, the Chairman of the Board during the year ended 30 June 2019.

According to Rule 3.29 of the Listing Rules, Mr. Fung Nam Shan has taken not less than 15 hours of relevant professional training for the financial year ended 30 June 2019.

DIVIDEND POLICY

The Company has adopted a dividend policy (the "Dividend Policy") that aims to create long-term, sustainable and stable returns for the Company's shareholders. According to the Dividend Policy, when recommending any dividend payout, the Board will take into account a series of factors, including but not limited to: actual and expected financial performance and financial position, expected working capital requirements and future development plans, shareholders' interests, business strategy and development, overall economic situation as well as other internal and external factors that may have impacts on the Company's financial performance and financial position, and subject to the applicable laws, regulations, rules and the Articles of Association of the Company.

SHAREHOLDERS' RIGHTS

To safeguard shareholders' interest and rights, separate resolutions are proposed at shareholders' meetings on each substantial issue, including the election of individual directors, for shareholders' consideration and voting. Besides, pursuant to the Company's Articles of Association, shareholder(s) holding not less than one-tenth of the paid-up capital of the Company carrying the right of voting at general meetings may request the Company to convene an extraordinary general meeting by sending a written requisition to the Board or the Company Secretary. The objects of the meeting must be stated in the written requisition.

Corporate Governance Report

Shareholders may send written enquiries to the Company for putting forward any enquiries or proposals to the Board. The contact details are as follows:

The Board of Directors
MH Development Limited (formerly known as Camsing International Holding Limited)

Address: Unit 1904, 19/F., Podium Plaza,
5 Hanoi Road, Tsim Sha Tsui,
Kowloon, Hong Kong

For the avoidance of doubt, shareholder(s) must deposit and send the original duly signed written requisition, notice or statement, or enquiry (as the case may be) to the Company and provide their full name, contact details and identification in order to give effect thereto. Shareholders' information may be disclosed as required by law.

All resolutions put forward at shareholders' meetings will be voted by poll pursuant to the Listing Rules and the poll voting results will be posted on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.mhdlhk.com) immediately after the relevant general meetings.

CONSTITUTIONAL DOCUMENTS

During the year under review, the Company has not made any changes to its Articles of Association. An up to date version of the Articles of Association is available on the Company's website and the Stock Exchange's website.

COMMUNICATION WITH SHAREHOLDERS

The Board endeavours to maintain an on-going dialogue with shareholders. All Directors are encouraged to attend the general meetings to have personal communication with shareholders. In annual general meeting, Chairman of the Board and the chairman of each committee are required to attend and answer questions from shareholders in respect of the matters that they are responsible and accountable for. The external auditor is also required to be present to assist the Directors in addressing any relevant queries by shareholders. The Company has also set up an investor relations website for communication with shareholders and public.

The Company's annual general meeting ("AGM") and extraordinary general meeting ("EGM") provide good opportunities for shareholders to air their views and ask Directors and management questions regarding the Company. All shareholders of the Company receive the annual report, circulars and notices of AGM and EGM and other corporate communications in a form chosen by each shareholder of the Company. The notices are also published on the Company's website. Separate resolutions are required at general meetings on each distinct issue. A shareholder is permitted to appoint any number of proxies to attend and vote in his stead.

CONCLUSION

The Group strongly believes that good corporate governance can safeguard the effective allocation of resources and protect shareholders' interest and the management will keep on reviewing its corporate governance standards on a timely basis and the Board endeavors to take the necessary actions to ensure the compliance with the provisions of the CG Code.

DIRECTORS' REPORT

The Directors of the Company (the "Directors") present the annual report and the audited consolidated financial statements of the Company for the year ended 30 June 2019 (the "Year").

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The principal activities of its subsidiaries and an associate are set out in notes 30 and 17, respectively, to the consolidated financial statements.

BUSINESS REVIEW

Overview and performance of the Year

A discussion and analysis of the Group's performance during the Year and the key factors affecting its results and financial position are set out in the section headed "Management Discussion and Analysis" of this annual report. Furthermore, a fair review of, and an indication of likely future development in the Group's business, are set out in the sections headed "Executive Director's Statement" of this annual report.

Environmental policies and performance

In conducting its business, the Group endeavors to minimise the adverse effects of its operations on the environment. The Group has complied with a number of environmental protection laws of PRC and Hong Kong, in connection with water pollutants, air pollutants, solid waste pollutants, as well as noise pollution generated from its manufacturing operations. During the Year, the Group complied with the applicable environmental laws and regulations and was not subject to any fines or legal action resulting from incidents of non-compliance with any applicable environmental laws and regulations, nor was there any threatened or pending action by any environmental regulatory authority.

Compliance with relevant laws and regulations

During the Year, there was no material breach of or non-compliance with applicable laws and regulations by the Group that has a significant impact on the business and operations of the Group.

Key relationships with stakeholders

The Group's long-term success depends on its employees, customers, suppliers and other stakeholders. As the Group recognises the importance of its employees, it offers competitive remuneration packages commensurate with industry practice and provides various fringe benefits to employees including housing and travel allowances depending on their grade and ranking within the Group. The Group also maintains medical insurance for the benefit of its employees. The Group conducts induction training for all of its new employees and on-going training from time to time during their employment. The nature of training offered depends on their specific field of operation. The Group strives to maintain and enhance the relationship with its customers and to maintain a fair and co-operating relationship with its suppliers.

Significant investment held

Save as disclosed herein, during the financial year and up to the date of this report, the Group did not hold any significant investment.

Liquidity, financial resources and capital structure

As of 30 June 2019, the net liabilities of the Group amounted to approximately HK$118.2 million. The gearing ratio of the Group was negative 0.08 (2018: 0.02) due to the Company's negative equity position, which was calculated based on the Group's total borrowing and bonds amounting to HK$9,776,000 (2018: HK$8,669,000) and the negative equity attributable to owners of the Company amounting to negative HK$122,388,000 (2018: HK$481,181,000).

Staff

As at 30 June 2019, the total number of employees being employed by the Group was 92 (2018: 539) of which 81 were employed in Mainland China, 4 were employed in Hong Kong, and 7 were employed in the USA.

Foreign currency risk exposure

The Group's exposure to currency risk mainly arises from fluctuation of foreign currencies against the functional currency of the relevant group entities, including USD, HK$ and RMB. The Directors of the Company consider the exposure is not significant and no hedging contracts were entered.

Charge on Group's assets

During the financial year and up to the date of this report, none of the assets of the Group was pledged or charged (2018: nil).

Contingent liabilities

During the financial year and up to the date of this report, the Group had no contingent liabilities (2018: nil).

Events during and after the Year

1. Reference is made to the announcement of the Company dated 20 June 2018 in relation to the signing of an agreement on theme park management services between its then wholly-owned subsidiary Qi Cheng (Guangzhou) Scenic Management Limited (奇承(廣州)景區管理有限公司) ("Qi Cheng (Guangzhou)") and Fo Shan Qi Jing Cultural Investments Limited (佛山奇境文化投資有限公司) ("Fo Shan Qi Jing"), whereby Qi Cheng (Guangzhou) will provide management services for the Lotus Wonderland theme park of Fo Shan Qi Jing in Sanshui for a period of two years from 20 June 2018 to 20 June 2020. The Group, as the provider of management and operation services for Lotus Wonderland, gave advice and introduced new services for the management and operation of the theme park, increasing the number of visitors to the theme park. Lotus Wonderland teamed up with Alifish in the second half of 2018 to create the world's first Travel Frog theme park, demonstrating the Group's advantage in effective integration of IP resources.

   Please refer to the announcement of the Company dated 20 June 2018 for details.

2. References are made to the announcements of the Company dated 9 July 2018 and 26 July 2018 in relation to the fact that Mr. Stan Lee, the then Chief Creative Officer of the Company and Founder of its subsidiary POW! Entertainment, LLC, made an application to the relevant court in the US to formally withdraw his claim put forth in the US court against POW! Entertainment. The application was approved by the relevant US court. The Company submitted a notice of discontinuance to Hong Kong's High Court to dismiss its lawsuit against Mr. Stan Lee.

   Please refer to the announcements of the Company dated 9 July 2018 and 26 July 2018 for details.

3. References are made to the Company's circular dated 31 October 2018 and the announcement dated 19 November 2018 in relation to the disposal of the equity interests in Fittec BVI and Fittec BVI and its subsidiaries have ceased to be subsidiaries of the Company. After the disposal, the Group no longer engages in the provision of electronics manufacturing services. Therefore, the divested business has no longer been consolidated into the Group's financial statements.

   For details, please refer to the Company's circular dated 31 October 2018 and the announcement dated 19 November 2018.

4. Reference is made to the announcement of the Company dated 20 November 2018 in relation to the death of Mr. Stan Lee on 12 November 2018 (US time). The Company believed that Mr. Stan Lee's death would neither have a material impact on its pan-entertainment business and future earnings, nor would it have a material impact on its intellectual properties, in particular, the ones created by and/or related to Mr. Stan Lee. With the exclusive right to use Mr. Stan Lee's works and identity, POW! Entertainment, together with the Company will further enhance its efforts to develop and promote intellectual properties created by and/or related to Mr. Stan Lee.

   Please refer to the announcement of the Company dated 20 November 2018 for details.

5. Reference is made to the announcement of the Company dated 2 April 2019 in relation to the signing of a Sales Strategy Contract (the "Strategy Contract") between the Company's then indirect subsidiary Guangzhou Boyinda Brand Management Company Limited (廣州波音達品牌管理有限公司) ("Boyingda") and Shanghai Beast Kingdom Industrial Co., Ltd. (上海野獸王國實業有限公司) ("Shanghai Beast Kingdom"), pursuant to which Boyinda has been appointed by Shanghai Beast Kingdom as its exclusive agent for the provision of promotional products supplied by Shanghai Beast Kingdom to banks in the PRC.

   Please refer to the announcement of the Company dated 2 April 2019 for details.

6. Reference is made to the announcement of the Company dated 8 April 2019 in relation to the signing of a sales agreement (the "Sales Agreement") between its then indirect subsidiary Guangzhou Renhong Marketing Company Limited (廣州仁宏市場營銷有限公司) ("Renhong") and Lufax (Shanghai) Technology Services Co., Ltd. (陸金所(上海)科技服務有限公司) ("Lufax (Shanghai)"), pursuant to which Renhong has become one of the comprehensive marketing service providers of Lufax (Shanghai). According to the Sales Agreement, Renhong will provide comprehensive marketing services to Lufax (Shanghai) in the PRC, including member marketing services such as digital goods marketing reward services and card vouchers resource procurement services.

   Please refer to the announcement of the Company dated 8 April 2019 for details.

Details of the subsequent events of the Group after the Year are set out in note 33 to the consolidated financial statements of the Group in this report.

Save as disclosed, there are no significant events affecting the Group after the Year.

Major risks and uncertainties

The business of the Group is affected by many other factors, such as the global and domestic economic environment.

The Group is exposed to a variety of financial risks including foreign currency risk, credit risk, liquidity risk and interest rate risk. Details of the aforesaid key risks are set out in note 6 to the consolidated financial statements of the Group in this report.

RESULTS AND APPROPRIATIONS

The results of the Group for the Year are set out in the consolidated statement of profit or loss and other comprehensive income on pages 46 to 47 of this report.

The Board does not recommend the payment of any dividend for the Year. (as of 30 June 2018: HK$1.2 cents.)

FIVE YEAR FINANCIAL SUMMARY

The results, assets and liabilities of the Group for the last five financial years, as extracted from the audited financial statements, are summarised on page 110 of this report.

SHARE CAPITAL

Details of the Company's share capital are set out in note 25 to the consolidated financial statements.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the Year, there was no purchase, redemption or disposal of the Company's listed securities by the Group.

DISTRIBUTABLE RESERVES OF THE COMPANY

There are no distributable reserves of the Company as at 30 June 2019. The Company's reserves available for distribution to shareholders as at 30 June 2018 amounted to approximately HK$375,646,000, which comprise the share premium of approximately HK$366,526,000, the contributed surplus of approximately HK$514,645,000, and net of accumulated losses of approximately HK$505,525,000.

Under the Companies Law (2001 Second Revision) of the Cayman Islands, the contributed surplus is distributable to the shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business.

DIRECTORS

The Directors during the Year and up to the date of this report were:

Executive Directors

Ms. Lo Ching (vacated on 22 September 2020)
Ms. Liu Hui
Mr. Guo Ben (appointed on 22 September 2020)
Mr. Shen Yang (appointed on 16 October 2020)

Independent non-executive Directors

Mr. Lei Jun (resigned on 3 December 2019)
Mr. Ross Yu Limjoco
Mr. Zheng Yilei

In accordance with Article 87(1) of the Company's Articles of Association (the "Articles"), at each annual general meeting, one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement by rotation at least once every three year at the general meeting. Accordingly, Ms. Liu Hui will retire, and being eligible, offer herself for re-election as Director at the forthcoming annual general meeting.

In accordance with Article 86(3) of the Articles, any Director so appointed shall hold office only until the next following general meeting (in case of filing casual vacancy) or until the next following annual general meeting (in case of an addition to the Board) and shall then be eligible for reappointment. Accordingly, Mr. Guo Ben and Mr. Shen Yang will retire, and being eligible, offer themselves for re-election as Directors at the forthcoming annual general meeting.

The Company has received, from each of Mr. Ross Yu Limjoco and Mr. Zheng Yilei, the independent non-executive Directors, an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers the existing Independent non-executive Directors are independent as at the date of this report.

DIRECTORS AND SENIOR MANAGEMENT PROFILE

Biographical details of the Directors and the senior management of the Group are set out on pages 14 to 16 of this report.

DIRECTORS' SERVICE CONTRACTS

Each of Ms. Lo Ching (vacated on 22 September 2020) and Ms. Liu Hui, the executive Directors of the Company, entered into a service contract with the Company for a term of two years.

Each of Mr. Guo Ben and Mr. Shen Yang, the Executive Directors of the Company, entered into a service contract with the Company for a term of three years.

Each of Mr. Lei Jun (resigned on 3 December 2019), Mr. Ross Yu Limjoco and Mr. Zheng Yilei, the independent non-executive Directors, entered into a letter of appointment with the Company and was appointed for a period of one year subject to retirement by rotation under the Articles.

Directors' Report

Save as aforesaid, none of the Directors who are proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation other than statutory compensation.

PERMITTED INDEMNITY PROVISION

Pursuant to the Articles, the Directors shall be indemnified and secured harmless out of the assets and profit of the Company from and against all actions, costs, charges, losses, damages and expense which they shall or may incur or sustain. In addition, the Company has arranged for appropriate directors and officers liabilities insurance to indemnify its Directors and officers against liabilities arising out of legal action on corporate activities.

DIRECTORS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at 30 June 2019, the interests and short position of the Directors and the chief executives of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO; (b) or pursuant to Section 352 of the SFO to be recorded in the register to therein; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, were as follows:

Long Position

Ordinary shares of HK$0.1 each of the Company

Name of Director	Capacity	Number of Issued Ordinary Shares Held	Percentage of the Issued Share Capital of the Company
Ms. Lo Ching ("Ms. Lo") *(Note 1)*	Interest of Controlled Corporations *(Note 2)*	698,769,952	64.87%

Notes:

(1) The office of Ms. Lo as an Executive Director of the Company has been vacated with effect from 22 September 2020.

(2) Out of the total 698,769,952 Shares, 676,864,150 shares are registered in the name of and beneficially owned by China Base Group Limited ("China Base"), a company incorporated in the British Virgin Islands. The entire issued share capital of China Base is beneficially owned by Ms. Lo. The remaining 21,905,802 shares are beneficially owned by Creative Elite Holdings Limited ("Creative Elite") and Ms. Lo owns the entire issued share capital of Creative Elite. Accordingly, Ms. Lo is deemed to be interested in 698,769,952 shares held by China Base and Creative Elite respectively under the SFO.

Save as disclosed above, as at 30 June 2019, none of the Directors nor chief executive and their associates had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations that were required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

SHARE OPTION SCHEME

The Company adopted a share option scheme (the "Scheme") on an extraordinary general meeting of the Company 17 December 2018 (the "Adoption Date") for the primary purpose of providing incentives and rewards to directors and eligible persons for their contribution to the growth of the Group, and will expire on 16 December 2028. The terms of the Scheme are in accordance with the provisions of Chapter 17 of the Listing Rules.

The subscription price in respect of the Scheme shall, subject to any adjustments in the event of any alteration in the capital structure of the Company, be a price determined by the board of directors of the Company and notified to each grantee but may not be less than the higher of:

(i) the average of the closing price of the shares as stated in the Stock Exchange daily quotation sheets for the five business days immediately preceding the date of grant; and

(ii) the closing price of the shares as stated in the Stock Exchange daily quotation sheet on the date of grant, which must be a business day, provided that in the event of fractional prices, the subscription price shall be rounded upwards to the nearest whole cent.

The maximum number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme shall not, in aggregate, exceed ten percent of the total number of the issued shares as at the Adoption Date.

No share option was granted since the adoption of the Scheme and there are no outstanding share options as at 30 June 2019.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

At no time during the Year was the Company, its ultimate holding company or any of its subsidiaries or fellow subsidiaries, a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS OF SIGNIFICANCE

No transactions, arrangements and contracts of significance, to which the Company's holding company, fellow subsidiaries or subsidiaries was a party and in which a Director or a connected entity of a Director had a material interest, whether directly or indirectly, subsisted at the end of the Year or at any time during the Year.

MANAGEMENT CONTRACTS

No contracts, other than employment contracts, concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the Year.

Directors' Report

SUBSTANTIAL SHAREHOLDERS

So far as the Directors are aware, as at 30 June 2019, the following persons (not being Directors or chief executive of the Company) will have or be deemed or taken to have an interest and/or short position in the Shares or the underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which would be recorded in the register required to be kept under Section 336 of the SFO, and/or who are directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group:

Long Position

Ordinary shares of HK$0.1 each of the Company

Name of Shareholder	Capacity	Total Interests	Percentage of the Issued Share Capital of the Company *(Note 9)*
China Base Group Limited ("China Base") *(Note 1)*	Beneficial Owner	676,864,150	62.84%
Founder Securities Co., Ltd. *(Notes 2 and 3)*	Security Interest	592,420,400	55%
Changjiang Securities International Financial Group Limited *(Notes 2 and 4)*	Security Interest	592,420,400	55%
Changjiang Securities Company Limited *(Notes 2 and 5)*	Interest of controlled corporations	592,420,400	55%
創世核心企業系列私募基金 *(Note 6)*	Security Interest	676,864,150	62.84%
上海歌斐資產管理有限公司 *(Note 6)*	Fund manger of 創世核心企業系列私募基金	676,864,150	62.84%
上海諾亞投資管理有限公司 *(Notes 6 and 7)*	Interest of controlled corporations	676,864,150	62.84%
Wang Jingbo *(Notes 6 and 7)*	Interest of controlled corporations	676,864,150	62.84%
諾亞(上海)融資租賃有限公司 *(Note 8)*	Security Interest	676,864,150	62.84%
Noah Holdings Limited *(Note 8)*	Interest of controlled corporations	676,864,150	62.84%

Notes:

1. The entire issued share capital of China Base is owned by Ms. Lo.

2. A facility agreement, an account charge and a debenture had been entered among China Base as borrower and both Founder Securities Financial Service (Cayman) Limited and Changjiang Finance (HK) Limited as the lenders. Pursuant to the facility agreement, China Base provided 592,420,400 shares of the Company as security of the loan (the "Security"). Due to the failure of repayment of loan, Founder Securities (Hong Kong) Limited proceeded its right to the security.

3. Founder Securities (Hong Kong) Limited and Founder Securities Financial Service (Cayman) Limited is wholly owned by Founder Securities (Hong Kong) Financial Holdings Limited of which is wholly owned by Founder Securities Co., Ltd.

4. Changjiang Finance (HK) Limited is wholly owned by Changjiang Securities International Financial Group Limited.

5. Changjiang Finance (HK) Limited is wholly owned by Changjiang Securities International Financial Group Limited. Changjiang Securities International Financial Group Limited is a company owned 64.18% by Changjiang Securities Company Limited, a company listed in Shenzhen Stock Exchange.

6. 上海歌斐資產管理有限公司 is a fund manager of 創世核心企業系列私募基金. 上海歌斐資產管理有限公司 is wholly owned by 歌斐資產管理有限公司 of which is wholly owned by 上海諾亞投資管理有限公司.

7. 上海諾亞投資管理有限公司 is a company owned 46% by Wang Jingbo.

8. 諾亞(上海)融資租賃有限公司 is wholly owned by Noah Group Honest Asia Limited of which is wholly owned by Noah Holdings Limited.

9. The approximate percentages were calculated based on 1,077,128,000 Shares in issue as at 30 June 2019.

Other than as disclosed above, the Company has not been notified of any other relevant interests or short positions in the issued share capital of the Company as at 30 June 2019.

EMOLUMENT POLICY

The emolument policy of the employees of the Group is set up by the Remuneration Committee on the basis of their merit, qualifications and competence.

Subject to shareholders' approval, the emoluments of the Directors are decided by the Remuneration Committee, having regard to the Group's operating results, individual performance and comparable market statistics.

Details of Directors' emoluments during the Year are set out in note 12 to the consolidated financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

The aggregate sales attributable to the Group's five largest customers comprised approximately 80.9% of the Group's total sales from the continuing operations and the sales attributable to the Group's largest customer were approximately 49.7% of the Group's total sales from the continuing operations for the Year.

The aggregate purchases attributable to the Group's five largest suppliers comprised approximately 70.79% of the Group's total cost of sales from the continuing operations and the purchases attributable to the Group's largest supplier were approximately 31.21% of the Group's total cost of sales from the continuing operations for the Year.

At no time during the Year did a Director, a close associate of a Director or a shareholder of the Company (which, to the best knowledge of the Directors, owns more than 5% of the Company's issued share capital) have any beneficial interest in any of the Group's five largest suppliers or customers.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Articles, or the laws of the Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

TAX RELIEF

The Company is not aware of any relief on taxation available to the shareholders by reason of their holdings of the shares of the Company.

CONTINUING CONNECTED TRANSACTIONS

Theme Park Management Services Agreement

On 20 June 2018, 奇承(廣州)景區管理有限公司 (Qi Cheng (Guangzhou) Scenic Management Limited*) ("Qi Cheng (Guangzhou)"), an indirect wholly-owned subsidiary of former Camsing International, and 佛山奇境文化投資有限公司 (Fo Shan Qi Jing Cultural Investments Limited*) ("Fo Shan Qi Jing") entered into the Theme Park Management Services Agreement (the "Agreement"). Fo Shan Qi Jing was a direct wholly-owned subsidiary of 廣東奇境文化投資有限公司 (Guangdong Qi Jing Cultural Investments Limited*) ("Guangdong Qi Jing"), which was in turn directly wholly-owned by 上海承勵投資管理咨詢有限公司 (Shanghai Cheng Li Investment Management and Consultancy Limited*) ("Shanghai Cheng Li") and 廣東承興控股集團有限公司 (Guangdong Cheng Xing Holdings Limited*) ("Guangdong Cheng Xing") together. Shanghai Cheng Li was directly owned as to 60% by Ms. Lo, who was a Substantial Shareholder, the chairman of the Board, chief executive officer of the Company and executive Director at that time, while Guangdong Cheng Xing was directly owned as to 97% by Mr. Lo Wei, who was a brother of Ms. Lo. Fo Shan Qi Jing would pay a fixed amount of RMB2,000,000 plus a bonus of 5% of the annual revenue of Fo Shan Qi Jing to Qi Cheng (Guangzhou) on a yearly basis. The details of the transaction were disclosed in the announcement dated 20 June 2018 of the Company. Such amount had not been paid as scheduled under the arrangement made by Ms. Lo Ching, the then chairman of former Camsing International and Lo Ian, the then Financial Director.

IP Services Agreement

On 14 May 2019, 廣州波音達品牌管理有限公司 (Guangzhou Boyinda Brand Management Company Limited*) ("Guangzhou Boyinda"), an indirect wholly-owned subsidiary of former Camsing International, and 廣東博森旅遊文化投資有限公司 (Guangdong Bosen Tourism Culture Investment Company Limited*) ("Guangdong Bosen") entered into the IP Services Agreement (the "IP Services Agreement") Guangdong Bosen was owned by 廣東奇境文化投資有限公司 (Guangdong Qi Jing Cultural Investments Limited*) ("Guangdong Qi Jing") and江蘇奇境文化投資有限公司(Jiangsu Qi Jing Cultural Investments Limited*) ("Jiangsu Qi Jing") as to 75% and 25%, respectively, which in turn were both directly wholly-owned by 上海承勵投資管理咨詢有限公司 (Shanghai Cheng Li Investment Management and Consultancy Limited*)("Shanghai Cheng Li") and 廣東承興控股集團有限公司 (Guangdong Cheng Xing Holdings Limited*) ("Guangdong Cheng Xing") together. Shanghai Cheng Li was directly owned as to 60% by Ms. Lo, who was a Substantial Shareholder, the chairman of the Board, chief executive officer of the Company and executive Director at that time, while Guangdong Cheng Xing was directly owned as to 97% by Mr. Lo Wei, who was a brother of Ms. Lo. The IP Services Agreement had not been rendering any services and no transaction had been conducted thereunder till now due to the halted business affected by the case in July 2019.

SUFFICIENCY OF PUBLIC FLOAT

The Company has maintained a sufficient public float throughout the Year.

AUDITOR

The consolidated financial statements of the Group for the years ended 30 June 2017 and 2018 have been audited by Deloitte Touche Tohmatsu who has resigned as the auditor of the Company on 6 March 2020. On 9 November 2020, ZHONGHUI ANDA CPA Limited has been appointed as the auditor of the Company to fill the vacancy occasioned by the resignation of Deloitte Touche Tohmatsu and to hold office until the conclusion of the forthcoming annual general meeting of the Company. The consolidated financial statements of the Group for the year ended 30 June 2019 have been audited by ZHONGHUI ANDA CPA Limited. The Board and the audit committee of the Company have confirmed that there is no disagreement between the Company and Deloitte Touche Tohmatsu, and that there are no other matters in respect of the resignation of auditor of the Company which need to be brought to the attention of the holders of securities or creditors of the Company. For details, please refer to the Company's announcements of resignation of auditor and appointment of auditor published on 6 March 2020 and 9 November 2020, respectively.

On behalf of the Board

Ms. Liu Hui
Executive Director

14 January 2021

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

SCOPE AND REPORTING PERIOD

This is the third Environmental, Social, and Governance (ESG) report of **MH Development Limited** (formerly known as "Camsing International Holding Limited") (hereinafter referred as the "Company", and together with its subsidiaries referred as the "Group"), highlighting its ESG performance, with disclosure reference made to the ESG Reporting Guide as described in Appendix 27 to the Listing Rules and Guidance set out by The Stock Exchange of Hong Kong Limited.

The principal activity of the Group is the development, licensing and diversified operations of pan-entertainment intellectual property ("IP") in the People's Republic of China ("PRC"). This ESG report covers the Group's overall performance in two subject areas, namely, Environmental and Social of the business operations of the head office in the Chow Tai Fook Financial Center, No. 6 Zhujiang East Road, Tianhe District, Guangzhou, the PRC, from 1 July 2018 to 30 June 2019 ("Reporting Period"), unless otherwise stated. The management team of the Group in 2018 has all resigned. The new management team has hired a third party professional to help the Group to develop this ESG report in Jan 2021. The Group tried the best to trace the related data but found out that some crucial data has been lost. The Group has also traced to the property management company for the environmental data. Yet, the data was not preserved either. As a result, some information is not available in this report.

The board of directors of the Company (Board) acknowledges that it has overall responsibility for the Group's ESG strategy and reporting and for evaluating and determining the Group's ESG-related risks. The Group has complied with all the "comply or explain" provisions set out in the ESG Reporting Guide during the Reporting Period.

STAKEHOLDERS' FEEDBACK

The Group welcomes stakeholders' feedback on its environmental, social and governance approach and performance. Please give your suggestions or share your views via email at enquiry@mhdlhk.com.

A. ENVIRONMENTAL

The Group's main business is mainly conducted through the internet, and the environmental concerns towards this business is relatively low. The business does not involve in the consumption of packaging materials, production-related air, water, and land pollutions which are regulated under national laws and regulations.

During the Reporting Period, the Group did not note any cases of material non-compliance relating to air and greenhouse gas ("GHG") emissions, discharge into water and land, and the generation of hazardous and non-hazardous waste as required by the applicable laws and regulations.

A1. Emissions

A1.1 Air Emissions

During the Reporting Period, the Group did not undergo combustion of fuel nor own any vehicles. Therefore, air emissions generated from the combustion of gaseous fuel or vehicle fuel was not resulted.

A1.2 Greenhouse Gas (GHG) Emissions

During the Reporting Period, the Group did not generate scope 1 emission. Due to the lack of energy consumption data as mentioned above. The Group tried the best to trace from the old record as well as from the property management company but found out that some crucial data has been lost. The scope 2 emission was not available.

A1.3 Hazardous Waste

During the Reporting Period, the Group's business did not generate any hazardous waste.

A1.4 Non-hazardous Waste

Non-hazardous waste generated by the Group was mainly paper waste and office waste. During the Reporting Period, the Group did not measure nor estimate the amount of non-hazardous waste produced.

A1.5 Measures to Mitigate Emissions

To reduce emissions, the Group encourages employees to take public transport instead of driving when commuting to/from office. Audio conference is considered and encouraged for meetings with colleagues, business partners and clients to reduce travelling.

A1.6 Wastes Handling and Reduction Initiatives

The Group's business did not involve generation of significant amount of hazardous and non-hazardous waste. Paper waste was collected by designated service supplier in the PRC for recycling and the building management in Hong Kong for disposal.

For daily operation, the Group has adopted paper saving practices to encourage employees to reuse or recycle paper as below:

- Promote the use of electronic communication;
- Collect single-side printed papers for reuse; and
- Encourage employees to use paper on both sides.

A2. Use of Resources

The Group upholds and promotes the principle of effective use of resources. To meet the Group's environmental commitments, various efficiency-initiatives have been implemented to minimise resources consumption.

A2.1 Energy Consumption

During the Reporting Period, energy consumption record was not available as the consumption was managed by the property management company.

A2.2 Water Consumption

During the Reporting Period, water consumption record was not available as the consumption was managed by the property management company.

A2.3 Energy Use Efficiency Initiatives

Although the Group has not established formal energy saving policy, the Group ensures rational use of energy resources at work. It encourages employees to switch off idling computers and monitors, and turn off all lightings before leaving the office.

A2.4 Water Use Efficiency Initiatives

The Group does not involve significant use of water resources in its business operation. Hence, no formal initiative relating to water use efficiency has been established.

A2.5 Packaging Material

The Group's business did not involve any use of packaging materials. Hence, no policy has been established and no data is available.

A3. The Environment and Natural Resources

A3.1 Significant Impacts of Activities on the Environment

The Group's operation does not cause any significant impacts on the environment. The Group did not receive any complaints from the surrounding community regarding air pollution, odour, noise, or light pollution.

B. SOCIAL

1. Employment and labour practices

The Group complies with the laws and regulations relating to employment, child and forced labour practices. The Group complies with the laws and regulations relating to employment and labour practices. The Group's employee handbook is designed to communicate important regulations and work ethics surrounding employment, benefits and welfare, and obligation and responsibilities. It is an essential tool in helping to define the expectations of both the management and the employees, and to protect them from any unfair treatment or discrimination.

B1. Employment

The Group stringently complies with laws and regulations concerning employment, including but not limited to the Labour Law of the PRC, and Labour Contract Law of the PRC.

During the Reporting Period, there were no major changes in employment policies, and no material case of non-compliance with relevant laws and regulations that has a significant impact on the Group relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare had been identified.

Workforce

The Group had a total number of 85 employees as of 30 June 2019, all of them were full time employees.

Recruitment

Recruitment of employees is strictly abided by the hiring procedures and guidelines of the Group so that suitable talents are recruited in accordance with relevant laws, job requirement, and candidates' expectation.

Dismissal

Any employees proposing to terminate the labour contract must notify the company in writing 30 days in advance. The department proposing to terminate the labour contract with an employee should report the reason for termination and provide relevant supporting materials. The human resources department will review and determine whether financial compensation is needed and proceed in accordance with relevant laws and regulations. Both the Group and the employees shall sign an agreement to terminate the labour contract.

Compensation and Benefits

The Group meets all applicable national and local laws, regulations and standards relating to employment and labour practices. Employees are entitled to salaries, various types of paid leaves, medical benefits, insurance and annual body check.

Equal Opportunity

The Group's employees are not discriminated against or deprived of such opportunities on the basis of gender, ethnic background, religion, colour, sexual orientation, age, marital status, family status, retirement, disability, pregnancy or any other grounds of discrimination prohibited by applicable laws.

B2. Employee Health and Safety

The Group emphasises the importance of the well-being of employees and strives to provide a safe and healthy working environment to them. Regular reviews and audits are performed in accordance with the statutory and industrial requirements.

During the reporting period, the Group did not violate any related safety and health ordinance and provisions. All employees should perform their work in a safe manner, and jointly develop and support alcohol- and drug-free workplace. The Group did not note any case of material non-compliance relating to health and safety during the Reporting Period.

Occupational Health and Safety Data in the Reporting Period

Work related fatality	0
Work injury cases >3 days	0
Work injury cases ≤3 days	0
Lost days due to work injury	0

B3. Development and Training

The Group encourages continuous improvement of business knowledge and job skills through multiple channels and methods, aiming to create a passionate learning atmosphere. The Group's training consists of internal and external training. Internal training includes induction, job skill, and management training. Employees can also apply for external trainings. The heads of department and the human resources department are responsible for reviewing the application. After participating in external trainings, employees should submit training materials and certificates to the human resources department for record.

B4. Labour Standards

The Group protects human rights and labour rights. The Group strictly follows relevant laws and regulations such as Labour Law and Labour Contract Law of the PRC. The human resources department checks the new employees' identification documents, such as identity card and academic certificates, to ensure that they are legally entitled to work for the Group to prevent any child labour or forced labour. The employees are obligated to ensure the information provided is true and accurate. If violation is involved, employees will be dismissed from his/her job immediately.

There were no major risks associated with incidents of child labour, forced or compulsory labour within the Group. No non-compliance with relevant laws and regulations that have a significant impact on the group relating to preventing child and forced labor had been identified during the Reporting Period.

2. Operating Practices

B5. Supply Chain Management

To ensure goods and services are procured in an honest, competitive, fair, and transparent manner that delivers the highest cost performance, the Group's systematic supplier management system is in place to manage its supply chain so that suppliers are selected based upon rational and clear criteria.

With the supplier qualifying process and the supplier performance measurement, suppliers are being accessed based on selection criteria including reputation, delivery performance, price, environment, etc. Supplier survey and on-site audit are conducted during supplier selection. There were 6 suppliers being selected during the Reporting Period.

B6. Product Responsibility

Product Labelling, Health and Safety, and Advertising

During the Reporting Period, the Group did not note any cases of material non-compliance with laws and regulations relating to advertising, labelling and privacy matters regarding the products and services provided.

Protection of Intellectual Property Rights

The Group's business includes the development, management and licensing of intellectual properties ("IP") and the sales of IP derived products. The operation requires license agreements with brand owners regarding the production and distribution of licensed products under their renowned brands. The Group strictly complies with the IP rights regulations.

During the reporting period, there was no material infringement of the IP rights and the Group is confident that all reasonable measures have been taken to prevent any infringement of its own IP rights and the IP rights of third parties.

Data Protection

The Group ensures strict compliance with the statutory requirements to fully meet a high standard of security and confidentiality of personal data privacy protection. The Group is strictly abided by the regulation in the collection, disclosure, usage, retention, and storage of data to ensure data integrity and safety. The Group properly manages and protects the data collected from its business partners, customers, employees and suppliers to protect their privacy and confidentiality. As stipulated in the employee handbook on data protection, employees are instructed of their responsibility to use and secure the entirety of information being collected. Employees shall sign a confidentiality agreement stating that disclosure of information is not allowed. Any information that is no longer required for the purpose for which the data is used shall be erased within two years. Servers and computers are protected from access passwords

There were no non-compliance cases noted in relation to the Group's investment practices and data privacy that had a significant impact on the Group during the Reporting Period.

B7. Anti-corruption

To promote ethical conduct, the Group strictly follows the Anti-Unfair Competition Law of the PRC, Criminal Law of the PRC, and other laws, regulations and regulatory documents related to commercial bribery.

At stated in the Employee Handbook, bribery and corrupt practices, unlawful or unethical behaviours are strictly prohibited by the Group. The Group conducts periodic and systematic risk assessment and communicates related anti-fraud policy and procedures to employees on a regular basis.

Whistle-blowing

The Group has established a whistle-blowing system through which employees could report any concern or complaint about suspected misconduct, fraudulent activities and conflict of interest that seriously affect the interest of the Group in strict confidence. Reporting cases would be directed to the General Manager, Human Resources and Administration Manager or Directors for assessment and investigation.

The Group has not aided, abetted, assisted or colluded with an individual who has committed, or conspired to commit any unlawful activities. No non-compliance with relevant laws and regulations that have a significant impact on the Group relating to corruption, bribery, extortion, fraud and money laundering had been identified during the Reporting Period.

B8. Community Investment

No formal policy on community investment has been established.

INDEPENDENT AUDITOR'S REPORT

中汇
ZHONGHUI

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF
MH DEVELOPMENT LIMITED
(FORMERLY KNOWN AS "CAMSING INTERNATIONAL HOLDING LIMITED")
(Incorporated in the Cayman Islands with limited liability)

DISCLAIMER OF OPINION

We were engaged to audit the consolidated financial statements of MH Development Limited (formerly known as "Camsing International Holding Limited")(the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 46 to 109, which comprise the consolidated statement of financial position as at 30 June 2019, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

We do not express an opinion on the consolidated financial statements of the Group. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements. In all other respects, in our opinion, the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of Hong Kong Companies Ordinance.

BASIS FOR DISCLAIMER OF OPINION

1. Limited accounting books and records of the Group

Due to the insufficiency of supporting documentation and explanations for accounting books and records in respect of the Group for the years ended 30 June 2019 and 2018, we were unable to carry out audit procedures to satisfy ourselves as to whether the following income and expenses for the years ended 30 June 2019 and 2018 and the assets and liabilities as at those dates, and the segment information and other related disclosure notes in relation to the Group, as included in the consolidated financial statements of the Group, have been accurately recorded and properly accounted for in the consolidated financial statements:

BASIS FOR DISCLAIMER OF OPINION (Continued)

1. Limited accounting books and records of the Group (Continued)

	2019 HK$'000	2018 HK$'000
Income and expenses		
Revenue	**2,652,137**	2,915,247
Costs of sales	**(2,391,183)**	(2,702,790)
Gross profit	**260,954**	212,457
Other income	**9,398**	2,349
Other gains and losses, net	**(752,857)**	(10,328)
Distribution costs	**(11,094)**	(3,196)
General and administrative expenses	**(38,337)**	(36,406)
Finance costs	**–**	(3,498)
(Loss)/profit before income tax	**(531,936)**	161,378
Income tax expenses	**(61,832)**	(36,750)
(Loss)/profit for the year from continuing operations	**(593,768)**	124,628
Discontinued operations		
Profit/(loss) for the year from discontinued operations	**40,461**	(30,531)
(Loss)/profit for the year	**(553,307)**	94,097
Other comprehensive expense		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation of foreign operations	**(12,550)**	(6,708)
Foreign currency translation reserve reclassified to profit or loss upon disposal of subsidiaries	**(10,369)**	–
Total other comprehensive expense for the year	**(22,919)**	(6,708)
Total comprehensive (expense)/income for the year	**(576,226)**	87,389

BASIS FOR DISCLAIMER OF OPINION (Continued)

1. Limited accounting books and records of the Group (Continued)

	2019 HK$'000	2018 HK$'000
Assets and liabilities		
Property, plant and equipment	13,846	2,085
Interest in an associate	886	1,011
Rental deposits paid	–	1,833
Inventories	9,956	–
Trade and other receivables	9,491	438,026
Bank balances and cash	10,517	21,781
Assets classified as held for sale	–	206,872
Trade and other payables	(128,779)	(153,529)
Tax liabilities	(47,969)	(31,692)
Liabilities associated with assets classified as held for sale	–	(91,916)
Net (liabilities)/assets	(132,052)	394,471

2. Commitments and contingent liabilities

No sufficient evidence has been provided to satisfy ourselves as to the existence and completeness of the disclosures of commitments and contingent liabilities as at 30 June 2019 and 2018.

3. Related party transactions and balances

No sufficient evidence has been provided to satisfy ourselves as to the existence and completeness of the disclosures of the related party transactions for the years ended 30 June 2019 and 2018 and the balances as at those dates as required by Hong Kong Accounting Standard 24 (Revised) "Related Party Disclosures".

4. Material uncertainty on going concern basis

We draw attention to note 2 to the consolidated financial statements which states that the Group incurred loss attributable to owners of the Company from continuing operations of approximately HK$664,006,000 for the year ended 30 June 2019 and as at 30 June 2019, the Group had net liabilities of approximately HK$118,197,000 and net current liabilities of approximately HK$167,852,000. Also the Group recorded net cash outflows in operating activities of approximately HK$128,571,000 for the year ended 30 June 2019.

These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. The consolidated financial statements have been prepared on a going concern basis, the validity of which depends upon the assumptions and measures stated in note 2 to the consolidated financial statements, at a level sufficient to finance the working capital requirements of the Group. The consolidated financial statements do not include any adjustments that would result from the failure to fulfilling the assumptions and measures stated in the note 2 to the consolidated financial statements. We consider that the material uncertainty has been adequately disclosed in the consolidated financial statements.

BASIS FOR DISCLAIMER OF OPINION (Continued)

4. Material uncertainty on going concern basis (Continued)

However, in view of the extent of the uncertainty relating to the assumptions and measures stated in note 2 to the consolidated financial statements, we disclaim our opinion in respect of the material uncertainties relating to the going concern basis.

Any adjustments to the figures as described from points 1 to 4 above might have a significant consequential effect on the Group's consolidated financial performance and its consolidated cash flows for the year ended 30 June 2019 and 2018 and the consolidated financial position of the Group as at 30 June 2019 and 2018, and the related disclosures thereof in the consolidated financial statements.

RESPONSIBILITIES OF DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our responsibility is to conduct an audit of the Group's consolidated financial statements in accordance with Hong Kong Standards on Auditing issued by the HKICPA and to issue an auditor's report. However, because of the matters described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements.

We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code.

ZHONGHUI ANDA CPA Limited
Certified Public Accountants
Pang Hon Chung
Audit Engagement Director
Practising Certificate Number P05988
Hong Kong, 14 January 2021

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2019

	Notes	2019 HK$'000	2018 HK$'000
Revenue	7	**2,662,267**	2,920,435
Costs of sales		**(2,400,317)**	(2,708,339)
Gross profit		**261,950**	212,096
Other income		**10,580**	2,356
Other gains and losses, net	8	**(809,470)**	(10,650)
Distribution costs		**(14,904)**	(4,452)
General and administrative expenses		**(60,096)**	(50,897)
Finance costs	9	**(1,149)**	(4,511)
(Loss)/profit before income tax		**(613,089)**	143,942
Income tax expense	10	**(61,860)**	(27,415)
(Loss)/profit for the year from continuing operations		**(674,949)**	116,527
Discontinued operations			
Profit/(loss) for the year from discontinued operations	13(a)	**40,461**	(30,531)
(Loss)/profit for the year	11	**(634,488)**	85,996
Other comprehensive income/(expense)			
Item that will not be reclassified subsequently to profit or loss:			
Exchange differences arising on translation to presentation currency		**10,598**	16,044
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**(9,555)**	(6,938)
Foreign currency translation reserve reclassified to profit or loss upon disposal of subsidiaries		**(10,369)**	–
		(19,924)	(6,938)
Total other comprehensive (expense)/income for the year		**(9,326)**	9,106
Total comprehensive (expense)/income for the year		**(643,814)**	95,102

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2019

	Note	2019 HK$'000	2018 HK$'000
(Loss)/profit for the year attributable to:			
Owners of the Company			
— from continuing operations		**(664,006)**	117,350
— from discontinued operations		**40,461**	(30,531)
		(623,545)	86,819
Non-controlling interests			
— From continuing operations		**(10,943)**	(823)
		(634,488)	85,996
Total comprehensive (expense)/income for the year attributable to:			
Owners of the Company		**(632,882)**	95,960
Non-controlling interests		**(10,932)**	(858)
		(643,814)	95,102
Basic and diluted (loss)/earnings per share	15		
— from continuing and discontinued operations		**HK$(0.58)**	HK$0.08
— from continuing operations		**HK$(0.62)**	HK$0.11
— from discontinued operations		**HK$0.04**	HK$(0.03)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2019

	Notes	2019 HK$'000	2018 HK$'000
Non-current assets			
Property, plant and equipment	16	14,144	2,304
Interest in an associate	17	886	1,011
Rental deposits paid		–	1,833
Intangible assets	18	45,135	53,822
Goodwill	19	774	57,508
		60,939	116,478
Current assets			
Inventories		9,956	–
Trade and other receivables	20	12,044	438,905
Bank balances and cash	21	12,349	36,543
		34,349	475,448
Assets classified as held for sale	13(a)	–	206,872
		34,349	682,320
Current liabilities			
Trade and other payables	22	144,456	168,706
Tax liabilities		47,969	31,692
Bonds	23	9,776	40
		202,201	200,438
Liabilities associated with assets classified as held for sale	13(a)	–	91,916
		202,201	292,354
Net current (liabilities)/assets		(167,852)	389,966
Total assets less current liabilities		(106,913)	506,444
Non-current liabilities			
Bonds	23	–	8,629
Deferred tax liabilities	24	11,284	11,303
		11,284	19,932
NET (LIABILITIES)/ASSETS		(118,197)	486,512

Consolidated Statement of Financial Position

At 30 June 2019

	Note	**2019** **HK$'000**	2018 HK$'000
Capital and reserves			
Share capital	25	**107,712**	107,712
Reserves		**(230,100)**	373,469
Equity attributable to owners of the Company		**(122,388)**	481,181
Non-controlling interests		**4,191**	5,331
TOTAL (DEFICIT)/EQUITY		**(118,197)**	486,512

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2019

	Attributable to owners of the Company									
	Share capital HK$'000	Share premium HK$'000	Other reserve HK$'000	Contributed surplus HK$'000 (Note i)	Special reserve HK$'000 (Note ii)	Exchange reserve HK$'000	Accumulated losses HK$'000	Sub-total HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1 July 2017	107,712	366,526	–	11,478	6,400	(8,892)	(98,003)	385,221	(146)	385,075
Profit/(loss) for the year	–	–	–	–	–	–	86,819	86,819	(823)	85,996
Exchange differences arising on translation	–	–	–	–	–	9,141	–	9,141	(35)	9,106
Total comprehensive income/(expense) for the year	–	–	–	–	–	9,141	86,819	95,960	(858)	95,102
Acquisition of subsidiaries *(note 28(b)&(c))*	–	–	–	–	–	–	–	–	6,335	6,335
At 30 June 2018	107,712	366,526	–	11,478	6,400	249	(11,184)	481,181	5,331	486,512
At 1 July 2018, as previously reported	107,712	366,526	-	11,478	6,400	249	(11,184)	481,181	5,331	486,512
Effect of change on accounting policies *(note 3)*	-	-	-	-	-	-	(5,314)	(5,314)	-	(5,314)
At 1 July 2018, as restated	107,712	366,526	-	11,478	6,400	249	(16,498)	475,867	5,331	481,198
Loss for the year	-	-	-	-	-	-	(623,545)	(623,545)	(10,943)	(634,488)
Exchange differences arising on translation	-	-	-	-	-	1,032	-	1,032	11	1,043
Foreign currency translation reserve reclassified to profit or loss upon disposal of subsidiaries	-	-	-	-	-	(10,369)	-	(10,369)	-	(10,369)
Total comprehensive expense for the year	-	-	-	-	-	(9,337)	(623,545)	(632,882)	(10,932)	(643,814)
Capital injection from non-controlling shareholders *(note 28(a))*	-	-	47,553	-	-	-	-	47,553	9,792	57,345
Dividend recognised as distribution *(note 14)*	-	(12,926)	-	-	-	-	-	(12,926)	-	(12,926)
Foreign currency translation reserve not be reclassified to profit or loss upon disposal of subsidiaries	-	-	-	-	-	16,584	(16,584)	-	-	-
At 30 June 2019	107,712	353,600	47,553	11,478	6,400	7,496	(656,627)	(122,388)	4,191	(118,197)

Notes:

(i) The contributed surplus represents the difference between the fair value of the underlying assets of a subsidiary acquired and the nominal value of the shares issued by the Company in exchange in December 2004.

(ii) The special reserve of the Group represents the difference between the nominal amount of the share capital issued by the Company and the nominal amount of the share capital of the subsidiaries acquired pursuant to a group reorganisation in preparation for the listing of the Company's shares on The Stock Exchange of Hong Kong Limited in 2005.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2019

	Notes	2019 HK$'000	2018 HK$'000
Operating activities			
(Loss)/profit before tax from continuing and discontinued operations		(572,628)	116,423
Adjustments for:			
Depreciation of property, plant and equipment		2,379	6,372
Amortisation of intangible assets		8,480	5,549
Finance costs		1,149	4,511
Loss on disposals of property, plant and equipment		63	1,415
Impairment loss on trade and other receivables		676,686	7,083
Impairment loss on goodwill		56,608	–
Impairment loss on inventories		8	147
Written off of prepayments		69,073	6,775
Share of results of an associate		85	172
Interest income		(90)	(238)
Gain on disposal of subsidiaries	13	(37,663)	–
Operating cash flows before movements in working capital		204,150	148,209
Change in trade and other receivables and deposits		(298,097)	(197,147)
Change in inventories		(5,516)	14,242
Change in trade and other payables		16,440	43,007
Cash (used in)/generated from operations		(83,023)	8,311
Income tax paid		(45,548)	(14,306)
NET CASH USED IN OPERATING ACTIVITIES		(128,571)	(5,995)
Cash flow from investing activities			
Deposits received from disposal of discontinued operations		–	100,000
Interest received		90	238
Proceeds from disposals of property, plant and equipment		–	186
Acquisition of subsidiaries	28(b)&(c)	–	(74,858)
Purchase of property, plant and equipment		(16,574)	(2,961)
Investment in an associate		–	(1,152)
Proceeds from disposal of subsidiaries	13	16,631	–
NET CASH GENERATED FROM INVESTING ACTIVITIES		147	21,453

Consolidated Statement of Cash Flows

For the year ended 30 June 2019

	Note	2019 *HK$'000*	2018 *HK$'000*
Cash flow from financing activities			
Repayment to a related company		–	(2,827,518)
Advance from a related company		44,109	2,836,527
Dividend paid		(12,926)	–
Repayment of borrowings		–	(36,985)
Interest paid		(42)	(3,728)
Repayment to a non-controlling shareholder		(709)	–
Capital injection from non-controlling shareholders	28(a)	57,345	–
NET CASH GENERATED FROM/(USED IN) FINANCING ACTIVITIES		87,777	(31,704)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(40,647)	(16,246)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		54,077	68,902
EFFECT OF FOREIGN EXCHANGE RATE CHANGES		(1,081)	1,421
CASH AND CASH EQUIVALENTS AT END OF THE YEAR		12,349	54,077
Analysis of cash and cash equivalents			
Bank balances and cash		12,349	54,077

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2019

1. GENERAL INFORMATION

MH Development Limited (formerly known as "Camsing International Holding Limited") (the "Company") was incorporated and registered as an exempted company with limited liability in the Cayman Islands under the Companies Law (2001 Second Revision) of the Cayman Islands and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The addresses of the registered office and principal place of business of the Company are disclosed in the "Corporate Information" section to the annual report.

The Company is an investment holding company. Particulars of the principal activities of its subsidiaries are set out in note 30 to the consolidated financial statements.

Referring to the announcements of the Company dated on 5 July 2019, 9 July 2019, 16 July 2019 and 18 July 2019, the Company has, among others, clarified certain statements made by the media with regard to the criminal custody of Ms. Lo Ching ("Ms. Lo"), a former executive director and the chairman (the "Chairman") of the board (the "Board") of directors (the "Director(s)") of the Company. Referring to the announcement of the Company dated on 19 July 2019, the trading of ordinary shares of the Company on the Stock Exchange has been halted since 19 July 2019 pending the release of a clarification announcement.

Referring to the announcement of the Company dated on 29 July 2019, the Board has resolved on 24 July 2019 to suspend all administrative and executive duties and powers of Ms. Lo as the Chairman and executive director with immediate effect until further notice.

Referring to the announcement of the Company dated on 15 August 2019, the Company has been notified by the Stock Exchange of the resumption guidance (the "Initial Resumption Guidance") for the Company including (i) to disclose details of the criminal custody of Ms. Lo, (ii) to demonstrate that there is no reasonable regulatory concern about management integrity and/or any persons with substantial influence over the Company's management and operations which will pose a risk to investors and damage market confidence, (iii) to demonstrate its compliance with Rule 13.24 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") to warrant the continued listing of the Company's shares, (iv) to clarify the Company's current shareholding structures, and (v) to announce all material information for the Company's shareholders and investors to appraise its position.

Referring to the announcement of the Company dated on 4 September 2019, the Board announced that special committee was formed and professional adviser was appointed for the purpose of, among other things, taking active steps to remedy the issues causing the trading suspension.

Referring to the announcement of the Company dated on 10 October 2019, the Company received additional resumption guidance from the Stock Exchange that, in addition to the Initial Resumption Guidance, the Company is required to publish all outstanding financial results and address any audit modifications (with the Initial Resumption Guidance, together as "Resumption Guidance").

1. GENERAL INFORMATION (Continued)

Referring to the announcement of the Company dated on 25 September 2020, having considered that Ms. Lo has not been able to discharge her duties as the Chairman and an executive director and has been absent from the meetings of the Board for more than six consecutive months, the Board resolved on 22 September 2020 that the office of Ms. Lo as the Chairman and an executive director shall be vacated with immediate effect. As such, Ms. Lo shall cease to be a member of the nomination committee of the Board with effect from 22 September 2020.

Referring to the announcement of the Company dated on 13 January 2021, the name of the Company was changed from Camsing International Holding Limited to MH Development Limited.

These consolidated financial statements are presented in thousands of Hong Kong dollars ("HK$'000"), unless otherwise stated.

2. GOING CONCERN BASIS

The Company and its subsidiaries (the "Group") incurred a loss attributable to owners of the Company from continuing operations of approximately HK$664,006,000 for the year ended 30 June 2019; and as at 30 June 2019, the Group had net current liabilities and net liabilities of approximately HK$167,852,000 and approximately HK$118,197,000 respectively. Also the Group recorded net cash outflows in operating activities of approximately HK$128,571,000 for the year ended 30 June 2019. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. Therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. The Directors have prepared the consolidated financial statements based on going concern on the assumptions and measures that:

(a) The Group applies cost control measures in cost of sales, administrative expenses and capital expenditures.

(b) The Group is also maximising its sales effort, including seeking new customers and sales orders and implementing comprehensive policies to improve operating cash flows.

(c) The Group may conduct fund raising activities (including debt and/or equity financing) as and when necessary. Referring to the announcements of the Company dated on 18 September 2020, 16 October 2020 and 1 December 2020, total amount of HK$2,000,000 of unsecured loan facility with terms of interest rate of 10% p.a. and repayable on 31 May 2021 and total amount of HK$18,000,000 of secured loan facility with terms of interest rate of 10% p.a. and repayable on 15 June 2021 have been granted by a then independent third party, namely Runjing Holdings Limited, a company wholly owned by Mr. Shen Yang who become an executive director since 16 October 2020. Up to the reporting date, the unsecured loan of HK$2,000,000 and the secured loan of HK$18,000,000 were drawn down by the Company.

2. GOING CONCERN BASIS (Continued)

The Directors have reviewed the Group's cash flow projections prepared by management. The cash flow projections cover a period of not less than twelve months from 30 June 2019. After taking into account the above assumptions and measures, the Directors consider that the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within twelve months from 30 June 2019 and believe that the Group will continue as a going concern and consequently have prepared the consolidated financial statements on a going concern basis.

3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group has adopted all the new and revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") that are relevant to its operations and effective for its accounting year beginning on 1 July 2018. HKFRSs comprise Hong Kong Financial Reporting Standards ("HKFRS"); Hong Kong Accounting Standards ("HKAS"); and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's consolidated financial statements and amounts reported for the current year and prior years except as stated below.

(a) HKFRS 15 "Revenue from Contracts with Customers"

HKFRS 15 permits either a full retrospective or a modified retrospective approach for the adoption. The Group has elected to apply the modified retrospective approach for transition to the new revenue standard. Under this transition approach, comparative information for prior periods is not restated, the Group recognises the cumulative effect of initially applying the guidance as adjustments to the opening balance of retained profits on 1 July 2018, and the Group applies the new guidance only to contracts that are not yet completed on that date. The comparative information continues to be reported under the accounting policies prevailing prior to 1 July 2018.

Content creation income from intellectual properties (the "IP") licensing business under IP licensing and comprehensive services meet the HKFRS 15 criteria for recognising revenue over time since the products are tailor-made with customers' specification which does not have alternative use to the Group and the Group is entitled to payment for work performed up to date. Under HKAS 18, the Group recognised revenue upon delivery of the story outline and completed contents accepted by customers separately. The effect on adoption of HKFRS 15 are stated below.

(i) Effect on the opening consolidated statement of financial position on 1 July 2018

As explained above, HKFRS 15 were adopted without restating comparative information. The resulting reclassifications and adjustments arising from the new accounting policies are therefore not reflected in the comparative balances, but are recognised in the opening consolidated statement of financial position on 1 July 2018.

	1 July 2018 *HK$'000*
Decrease in trade and other payables	(5,783)
Increase in contract liabilities	5,783

Notes to the Consolidated Financial Statements

For the year ended 30 June 2019

3. ADOPTION OF NEW AND REVISED HKFRSs (Continued)

(b) HKFRS 9 "Financial Instruments"

During the year ended 30 June 2019, the Group has applied HKFRS 9 and the related consequential amendments to other HKFRSs. HKFRS 9 introduces new requirements for 1) the classification and measurement of financial assets and financial liabilities, 2) expected credit losses ("ECL") for financial assets and 3) general hedge accounting.

The Group has applied HKFRS 9 in accordance with the transition provisions set out in HKFRS 9. i.e. applied the classification and measurement requirements (including impairment) retrospectively to instruments that have not been derecognised as at 1 July 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 July 2018. The difference between carrying amounts as at 30 June 2018 and the carrying amounts as at 1 July 2018, if any, are recognised in the opening accumulated losses and other components of equity, without restating comparative information.

HKFRS 9 has been applied and resulted in changes in the consolidated amounts reported in the consolidated financial statements as follows:

	1 July 2018 *HK$'000*
Decrease in financial assets subject to ECL included in assets classified as held for sale	4,793
Decrease in trade receivables	521
Increase in accumulated losses	(5,314)

The Group has not applied the new and revised HKFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new and revised HKFRSs but is not yet in a position to state whether these new and revised HKFRSs would have a material impact on its results of operations and consolidated financial position.

4. SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA, and the applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

These consolidated financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with HKFRSs requires the use of certain key assumptions and estimates. It also requires the Directors to exercise its judgements in the process of applying the accounting policies. The areas involving critical judgements and areas where assumptions and estimates are significant to these consolidated financial statements, are disclosed in note 5 to the consolidated financial statements.

The significant accounting policies applied in the preparation of these consolidated financial statements are set out below.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 30 June. Subsidiaries are entities over which the Group has control. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group has power over an entity when the Group has existing rights that give it the current ability to direct the relevant activities, i.e. activities that significantly affect the entity's returns.

When assessing control, the Group considers its potential voting rights as well as potential voting rights held by other parties, to determine whether it has control. A potential voting right is considered only if the holder has the practical ability to exercise that right.

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date the control ceases.

The gain or loss on the disposal of a subsidiary that results in a loss of control represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that subsidiary and (ii) the Company's share of the net assets of that subsidiary plus any remaining goodwill relating to that subsidiary and any related accumulated foreign currency translation reserve.

Intragroup transactions, balances and unrealised profits are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to the Company. Non-controlling interests are presented in the consolidated statement of financial position and consolidated statement of changes in equity within equity. Non-controlling interests are presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of profit or loss and total comprehensive income for the year between the non-controlling shareholders and owners of the Company.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling shareholders even if this results in the non-controlling interests having a deficit balance.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (i.e. transactions with owners in their capacity as owners). The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Business combination and goodwill

The acquisition method is used to account for the acquisition of a subsidiary in a business combination. The cost of acquisition is measured at the acquisition-date fair value of the assets given, equity instruments issued, liabilities incurred and contingent consideration. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received. Identifiable assets and liabilities of the subsidiary in the acquisition are measured at their acquisition-date fair values.

The excess of the cost of acquisition over the Company's share of the net fair value of the subsidiary's identifiable assets and liabilities is recorded as goodwill. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognised in consolidated profit or loss as a gain on bargain purchase which is attributed to the Company.

In a business combination achieved in stages, the previously held equity interest in the subsidiary is remeasured at its acquisition-date fair value and the resulting gain or loss is recognised in consolidated profit or loss. The fair value is added to the cost of acquisition to calculate the goodwill.

If the changes in the value of the previously held equity interest in the subsidiary were recognised in other comprehensive income (for example, investment at fair value through other comprehensive income), the amount that was recognised in other comprehensive income is recognised on the same basis as would be required if the previously held equity interest were disposed of.

Goodwill is tested annually for impairment or more frequently if events or changes in circumstances indicate that it might be impaired. Goodwill is measured at cost less accumulated impairment losses. The method of measuring impairment losses of goodwill is the same as that of other assets as stated in the accounting policy below. Impairment losses of goodwill are recognised in consolidated profit or loss and are not subsequently reversed. Goodwill is allocated to cash-generating units that are expected to benefit from the synergies of the acquisition for the purpose of impairment testing.

The non-controlling interests in the subsidiary are initially measured at the non-controlling shareholders' proportionate share of the net fair value of the subsidiary's identifiable assets and liabilities at the acquisition date.

Associates

Associates are entities over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of an entity but is not control or joint control over those policies. The existence and effect of potential voting rights that are currently exercisable or convertible, including potential voting rights held by other entities, are considered when assessing whether the Group has significant influence. In assessing whether a potential voting right contributes to significant influence, the holder's intention and financial ability to exercise or convert that right is not considered.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Associates (Continued)

Investment in an associate is accounted for in the consolidated financial statements by the equity method and is initially recognised at cost. Identifiable assets and liabilities of the associate in an acquisition are measured at their fair values at the acquisition date. The excess of the cost of acquisition over the Group's share of the net fair value of the associate's identifiable assets and liabilities is recorded as goodwill. The goodwill is included in the carrying amount of the investment and is tested for impairment together with the investment at the end of each reporting period when there is objective evidence that the investment is impaired. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognised in consolidated profit or loss.

The Group's share of an associate's post-acquisition profits or losses is recognised in consolidated profit or loss, and its share of the post-acquisition movements in reserves is recognised in the consolidated reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

Unrealised profits on transactions between the Group and its associates are eliminated to the extent of the Group's interests in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The functional currency of the Company is Renminbi ("RMB"). The Directors selected Hong Kong dollars ("HK$") as the presentation currency because the shares of the Company are listed on the Stock Exchange and HK$ has been adopted as presentation currency in the Group's consolidated financial statements for years.

(b) Transactions and balances in each entity's financial statements

Transactions in foreign currencies are translated into the functional currency on initial recognition using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the exchange rates at the end of each reporting period. Gains and losses resulting from this translation policy are recognised in profit or loss.

Non-monetary items that are measured at fair values in foreign currencies are translated using the exchange rates at the dates when the fair values are determined.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Foreign currency translation (Continued)

(c) Translation on consolidation

The results and financial position of all the Group entities that have a functional currency different from the Company's presentation currency are translated into the Company's presentation currency as follows:

(i) Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

(ii) Income and expenses are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the exchange rates on the transaction dates); and

(iii) All resulting exchange differences are recognised in the foreign currency translation reserve.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities and of borrowings are recognised in the foreign currency translation reserve. When a foreign operation is sold, such exchange differences are recognised in consolidated profit or loss as part of the gain or loss on disposal.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

Discontinued operations

Non-current assets or disposal group are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the assets or disposal group are available for immediate sale in their present condition. The Group must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets or disposal group classified as held for sale are measured at the lower of the assets' or disposal group's previous carrying amount and fair value less costs to sell.

A discontinued operation is a component of the Group, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which represents a separate major line of business or geographical area of operations, or is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale in accordance with HKFRS 5, if earlier. It also occurs when the operation is abandoned.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Discontinued operations (Continued)

When an operation is classified as discontinued, a single amount is presented in the statement of profit or loss and other comprehensive income, which comprises:

— The post-tax profit or loss of the discontinued operation; and

— The post-tax gain or loss recognised on the measurement to fair value less costs to sell, or on the disposal, of the assets or disposal group constituting the discontinued operation.

Property, plant and equipment

Property, plant and equipment including leasehold land and buildings, held for use in the production or supply of goods or services, or for administrative purposes are stated in the consolidated statement of financial position at cost less accumulated depreciation and impairment losses, if any.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised in profit or loss during the period in which they are incurred.

Depreciation of property, plant and equipment is calculated at rates sufficient to write off their cost less their residual values over the estimated useful lives on a straight-line basis. The principal annual rates are as follows:

Leasehold land and buildings	Shorter of 2% or the lease terms of 43 years to 50 years
Furniture and fixtures	20%
Leasehold improvements	10%
Motor vehicles	20%
Office equipment	20%
Plant and machinery	7.5% to 20%

The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at the end of each reporting period.

The gain or loss on disposal of property, plant and equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in profit or loss.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination with finite useful lives are reported at costs less accumulated amortisation and any accumulated impairment losses/revalued amounts, being their fair value at the date of the revaluation less subsequent accumulated amortisation and any accumulated impairment losses, on the same basis as intangible assets that are acquired separately. Intangible assets acquired in a business combination with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2019

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Intangible assets acquired in a business combination (Continued)

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Leases

The Group as lessor

Operating leases

Leases that do not substantially transfer to the lessees all the risks and rewards of ownership of assets are accounted for as operating leases. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

The Group as lessee

Leases that do not substantially transfer to the Group all the risks and rewards of ownership of assets are accounted for as operating leases. Lease payments (net of any incentives received from the lessor) are recognised as an expense on a straight-line basis over the lease term.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using weighted average basis. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale. Inventories under IP licensing and comprehensive services are stated at costs.

Recognition and derecognition of financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instruments.

Financial assets are derecognised when the contractual rights to receive cash flows from the assets expire; the Group transfers substantially all the risks and rewards of ownership of the assets; or the Group neither transfers nor retains substantially all the risks and rewards of ownership of the assets but has not retained control on the assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial assets

Financial assets are recognised and derecognised on a trade date basis where the purchase or sale of an asset is under a contract whose terms require delivery of the asset within the timeframe established by the market concerned, and are initially recognised at fair value, plus directly attributable transaction costs except in the case of investments at fair value through profit or loss. Transaction costs directly attributable to the acquisition of investments at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets of the Group are classified under financial assets at amortised cost.

Financial assets (including trade and other receivables) are classified under this category if they satisfy both of the following conditions:

— the assets are held within a business model whose objective is to hold assets in order to collect contractual cash flows; and

— the contractual terms of the assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

They are subsequently measured at amortised cost using the effective interest method less loss allowance for expected credit losses.

Loss allowances for expected credit losses

The Group recognises loss allowances for expected credit losses on financial assets at amortised cost. Expected credit losses are the weighted average of credit losses with the respective risks of a default occurring as the weights.

At the end of each reporting period, the Group measures the loss allowance for a financial instrument at an amount equal to the expected credit losses that result from all possible default events over the expected life of that financial instrument ("lifetime expected credit losses") for trade receivables, or if the credit risk on that financial instrument has increased significantly since initial recognition.

If, at the end of the reporting period, the credit risk on a financial instrument (other than trade receivables) has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to the portion of lifetime expected credit losses that represents the expected credit losses that result from default events on that financial instrument that are possible within 12 months after the reporting period.

The amount of expected credit losses or reversal to adjust the loss allowance at the end of the reporting period to the required amount is recognised in profit or loss as an impairment gain or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents represent cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term highly liquid investments which are readily convertible into known amounts of cash and subject to an insignificant risk of change in value. Bank overdrafts which are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents.

Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument under HKFRSs. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

To the extent that funds are borrowed generally and used for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate to the expenditures on that asset. The capitalisation rate is the weighted average of the borrowing costs applicable to the borrowings of the Group that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Trade and other payables

Trade and other payables are stated initially at their fair value and subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Revenue from contract with customers

Revenue is measured based on the consideration specified in a contract with a customer with reference to the customary business practices and excludes amounts collected on behalf of third parties. For a contract where the period between the payment by the customer and the transfer of the promised product or service exceeds one year, the consideration is adjusted for the effect of a significant financing component.

The Group recognises revenue when it satisfies a performance obligation by transferring control over a product or service to a customer. Depending on the terms of a contract and the laws that apply to that contract, a performance obligation can be satisfied over time or at a point in time. A performance obligation is satisfied over time if:

— the customer simultaneously receives and consumes the benefits provided by the Group's performance;

— the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or

— the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If a performance obligation is satisfied over time, revenue is recognised by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the product or service.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2019

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Other income

Interest income is recognised using the effective interest method.

Rental income is recognised on a straight-line basis over the lease term.

Employee benefits

(a) Employee leave entitlements

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the end of the reporting period.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(b) Pension obligations

The Group contributes to defined contribution retirement schemes which are available to all employees. Contributions to the schemes by the Group and employees are calculated as a percentage of employees' basic salaries. The retirement benefit scheme cost charged to profit or loss represents contributions payable by the Group to the funds.

The Group also participates in a defined contribution retirement scheme organized by the government in the PRC. The Group is required to contribute a specific percentage of the payroll of its employees to the retirement scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the retirement scheme. No forfeited contributions may be used by the employers to reduce the existing level of contributions.

(c) Termination benefits

Termination benefits are recognised at the earlier of the dates when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs and involves the payment of termination benefits.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Taxation

Income tax represents the sum of the current tax and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit recognised in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences, unused tax losses or unused tax credits can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is recognised in profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity.

The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Related parties

A related party is a person or entity that is related to the Group.

(a) A person or a close member of that person's family is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Company or of a parent of the Company.

(b) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Company or to a parent of the Company.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and other intangible assets except goodwill and deferred income tax assets and receivables to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow is remote.

Events after the reporting period

Events after the reporting period that provide additional information about the Group's position at the end of the reporting period or those that indicate the going concern assumption is not appropriate are adjusting events and are reflected in the financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes to the financial statements when material.

5. CRITICAL JUDGEMENTS AND KEY ESTIMATES

Critical judgements in applying accounting policies

In the process of applying the accounting policies, the Directors have made the following judgements that have the most significant effect on the amounts recognised in the consolidated financial statements.

(a) Going concern basis

These consolidated financial statements have been prepared on a going concern basis, the validity of which depends upon the assumptions and measures as explained in note 2 to consolidated financial statements.

(b) Consolidation of entity of less than 50% equity interest

Although the Group owns less than 50% of the equity interest in 北京魔氪互動信息技術有限公司 (the "魔氪"), 魔氪 is treated as a subsidiary because the Group is able to control the relevant activities of 魔氪 as a result of the shareholders' agreement between the Group and other shareholders of 魔氪.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

(a) Impairment of goodwill and intangible assets

Determining whether goodwill and intangible assets are impaired requires an estimation of the value in use of the cash-generating unit to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. The carrying amount of goodwill and intangible assets at the end of the reporting period was approximately HK$774,000 (2018: approximately HK$57,508,000) and approximately HK$45,135,000 (2018: approximately HK$53,822,000) respectively after an impairment loss of approximately HK$56,608,000 (2018: HK$Nil) and HK$Nil (2018: HK$Nil) respectively was recognised during the year ended 30 June 2019. Details of the impairment loss calculation are provided in notes 18 and 19 to consolidated financial statements.

5. CRITICAL JUDGEMENTS AND KEY ESTIMATES (Continued)

Key sources of estimation uncertainty (Continued)

(b) Impairment loss for bad and doubtful debts

The Group makes impairment loss for bad and doubtful debts based on assessments of the recoverability of the trade receivables, prepayments and other receivables, including the current creditworthiness and the past collection history of each customer and debtor. Impairments arise where events or changes in circumstances indicate that the balances may not be collectible. The identification of bad and doubtful debts requires the use of judgement and estimates. Where the actual result is different from the original estimate, such difference will impact the carrying value of the trade receivables, prepayments and other receivables and doubtful debt expenses in the year in which such estimate has been changed. As at 30 June 2019, the carrying amount of trade receivables, prepayments and other receivables is approximately HK$12,044,000 (2018: approximately HK$438,905,000). During the year ended 30 June 2019, impairment losses amounted to approximately HK$745,759,000 (2018: approximately HK$13,868,000) was recognised in profit or loss.

(c) Assessment of the useful lives of intangible assets with finite useful lives

The intangible assets with finite useful lives of the Group represents the IP arising from acquisition of POW! Entertainment Inc. ("POW! Entertainment") during the year ended 30 June 2018 which are amortised on a straight line basis over the estimated useful lives of the asset. The Group determines the estimated useful lives of IP on initial recognition in order to determine the amount of amortisation expense to be recorded during any reporting period. The useful lives of the IP were determined with reference to a number of factors, including the useful lives of similar intangible assets in certain comparable transactions, management's experience and industry knowledge. The amortisation expense for future periods is adjusted if there are significant changes from previous estimates. The carrying amount of intangible assets is approximately HK$45,135,000 at 30 June 2019 (2018: approximately HK$53,822,000) (note 18).

(d) Income taxes

The Group is subject to income taxes in several jurisdictions. Significant estimates are required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

6. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: foreign currency risk, credit risk, liquidity risk and interest rate risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Foreign currency risk

The Group's exposure to currency risk mainly arises from fluctuation of foreign currencies against the functional currency of the relevant group entities, including United State dollars ("US$") and HK$.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	Assets		Liabilities	
	2019 ***HK$'000***	2018 *HK$'000*	**2019** ***HK$'000***	2018 *HK$'000*
US$	**4,367**	9,421	**12,492**	7,150
HK$	**1,555**	642	**28,267**	8,669

The following details the Group's sensitivity to a 5% (2018: 5%) increase and decrease in the value of the functional currencies against the relevant foreign currencies. 5% (2018: 5%) is the sensitivity rate used and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items but excludes monetary items denominated in US$ and HK$ for entities with HK$ and US$ as functional currencies, respectively, as the Directors consider that the Group's exposure to US$ and HK$ is insignificant on the ground that HK$ is pegged to US$.

For the year ended 30 June 2019, if US$ had strengthened/weakened by 5% against RMB with all other variables including tax rate being held constant, the Group's loss would have been approximately HK$406,000 higher/lower (2018: profit would have been approximately HK$114,000 lower/higher), as a result of currency translation gains/losses on the US$-denominated financial assets (including bank and cash balances and trade and other receivables)/liabilities (including borrowings).

For the year ended 30 June 2019, if HK$ had strengthened/weakened by 5% against RMB with all other variables including tax rate being held constant, the Group's loss would have been approximately HK$1,336,000 higher/lower (2018: profit would have been approximately HK$401,000 lower/higher), as a result of currency translation gains/losses on the RMB-denominated financial assets (including bank and cash balances and trade and other receivables)/liabilities (including borrowings).

6. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk

The carrying amount of the bank balances and cash, trade and other receivables and rental deposits paid included in the consolidated statement of financial position represents the Group's maximum exposure to credit risk in relation to the Group's financial assets.

The Group has significant concentration of credit risk as receivable from three customers (2018: two customers) accounted for approximately 87% (2018: 87%) of its total trade receivables as at 30 June 2019.

It has policies in place to ensure that sales are made to customers with an appropriate credit history.

The credit risk on bank balances and cash is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The Group considers whether there has been a significant increase in credit risk of financial assets on an ongoing basis throughout each reporting period by comparing the risk of a default occurring as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information. Especially the following information is used:

— actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations;

— significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrowers.

A significant increase in credit risk is presumed if a debtor is more than 30 days past due in making a contractual payment. A default on a financial asset is when the counterparty fails to make contractual payments within 30 days of when they fall due.

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. The Group normally categorises a loan or receivable for write off when a debtor fails to make contractual payments greater than 360 days past due. Where loans or receivables have been written off, the Group, if practicable and economical, continues to engage in enforcement activity to attempt to recover the receivable due.

6. FINANCIAL RISK MANAGEMENT (Continued)

(c) Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

The maturity analysis of the Group's financial liabilities is as follows:

	Less than 1 year HK$'000	Between 1 and 5 years HK$'000	Over 5 years HK$'000	Total undiscounted cash flow HK$'000	Carrying amount HK$'000
At 30 June 2019					
Trade and other payables	99,879	–	–	99,879	99,879
Bonds	70,672	–	–	70,672	9,776
	170,551	–	–	170,551	109,655

	Less than 1 year HK$'000	Between 1 and 5 years HK$'000	Over 5 years HK$'000	Total undiscounted cash flow HK$'000	Carrying amount HK$'000
At 30 June 2018					
Trade and other payables	162,923	–	–	162,923	162,923
Bonds	42	168	70,504	70,714	8,669
	162,965	168	70,504	233,637	171,592

(d) Interest rate risk

The Group is exposed to fair value interest rate risk on its fixed interest-rate borrowing and bonds. The Group is exposed to cash flow interest rate risk on its bank balances because these balances carry interest at prevailing rates.

The Group currently does not have any interest rate hedging policy in relation to fair value interest rate risk and cash flow interest rate risk. The Directors monitor the Group's exposure on an ongoing basis and will consider hedging the interest rate should the need arises.

The Directors consider that the Group's exposure to cash flow interest rate risk is low as the financial impact arising from the changes of market interest rate is insignificant, therefore, no sensitivity analysis presented.

6. FINANCIAL RISK MANAGEMENT (Continued)

(e) Categories of financial instruments

	2019 HK$'000	2018 HK$'000
Financial assets:		
Financial assets at amortised cost (including cash and cash equivalents)	23,263	130,451
Financial liabilities:		
Financial liabilities at amortised costs	109,655	171,592

(f) Fair values

The carrying amounts of the Group's financial assets and financial liabilities as reflected in the consolidated statement of financial position approximate their respective fair values.

7. REVENUE AND SEGMENT INFORMATION

(a) Revenue

	2019 HK$'000	2018 HK$'000
Revenue from contracts with customers:		
Sales of goods	2,538,102	2,889,096
Rendering of services	280,351	476,339
Licensing fee income	31,146	78,226
	2,849,599	3,443,661
Representing:		
Continuing operations	2,662,267	2,920,435
Discontinued operations *(note 13(a))*	187,332	523,226
	2,849,599	3,443,661

Sales of goods

Sales of goods mainly derived from sales and distribution of IP derived products and mobile devices to the customers. Sales are recognised when control of the products has transferred, being when the products are delivered to a customer, there is no unfulfilled obligation that could affect the customer's acceptance of the products and the customer has obtained legal titles to the products.

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7. REVENUE AND SEGMENT INFORMATION (Continued)

(a) Revenue (Continued)

Rendering of services

Rendering of services mainly comprised of (i) procurement and assembly services; (ii) theme events services and (iii) marketing service. Service fee income is recognised when the service are rendered and there is no unfulfilled obligation that could affect the customer's acceptance of the service.

Licensing fee income

Licensing fee income mainly comprised of (i) IP licensing fee income and (ii) IP licensing-content creation income.

(i) IP licensing fee income

IP licensing fee income is recognised on an accrual basis in accordance with the substance of the relevant agreements. IP licensing fee income determined on a time basis are recognised on a straight line basis over the period of the agreements.

(ii) IP licensing-content creation income

The Group provides content creation income service to the customers. When the progress towards complete satisfaction of the performance obligations of a content creation service contract can be measured reasonably, revenue from the contract and the contract costs are recognised using the percentage of completion method, measured by reference to the percentage of contract costs incurred to date to the estimated total contract costs for the contract. This method provides the most reliable estimate of the percentage of completion.

When the progress towards complete satisfaction of the performance obligations of a content creation income contract cannot be measured reasonably, revenue is recognised only to the extent of contract costs incurred that is expected to be recoverable.

The customers pay the contract prices to the Group according to the payment schedules as stipulated in the contracts. If the service rendered by the Group exceeds the payments, a contract asset is recognised. If the payments exceed the service rendered, a contract liability is recognised.

(b) Segment information

The Group has three reportable segments as follows:

— Sales and distribution of IP derived products and mobile devices;

— IP licensing and comprehensive services; and

— Pure assembly services and procurement and assembly services (this segment was discontinued since the year ended 30 June 2018 and had been disposed during the year ended 30 June 2019. Details are referred to note 13(a) to the consolidated financial statements)

7. REVENUE AND SEGMENT INFORMATION (Continued)

(b) Segment information (Continued)

During the year ended 30 June 2019, the Group entered into an agreement for First Disposal Transaction (as defined in note 13(a)). Upon the completion of the First Disposal Transaction, the Group will cease to operate the pure assembly services and procurement and assembly services.

The information being reported to the chief operating decision makers ("CODM") (i.e. the executive directors) in respect of the Group's business is based on the operating and reportable segments mentioned above. These divisions are the basis on which information reported to the CODM to allocate resources and to assess performance.

Disaggregation of revenue from contracts with customers:

Segments	Continuing operations			Discontinued operations *(Note 13(a))*	
	Sales and distribution of IP derived products and mobile devices *HK$'000*	IP licensing and comprehensive services *HK$'000*	Sub-total *HK$'000*	Pure assembly services and procurement and assembly services *HK$'000*	Total *HK$'000*
For the year ended 30 June 2019					
Major products/service					
Sales of goods					
IP derived products and mobile devices	2,492,473	–	2,492,473	–	2,492,473
Pure assembly related products	–	–	–	45,629	45,629
Rendering of services					
Procurement and assembly services	–	–	–	141,703	141,703
Theme events services	–	95,849	95,849	–	95,849
Marketing services	–	42,799	42,799	–	42,799
Licensing fee income					
IP licensing-content creation income	–	6,966	6,966	–	6,966
IP licensing fee income	–	24,180	24,180	–	24,180
	2,492,473	169,794	2,662,267	187,332	2,849,599
Timing of revenue recognition					
At a point in time	2,492,473	–	2,492,473	45,629	2,538,102
Over time	–	169,794	169,794	141,703	311,497
Total	2,492,473	169,794	2,662,267	187,332	2,849,599

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7. REVENUE AND SEGMENT INFORMATION (Continued)

(b) Segment information (Continued)

Disaggregation of revenue from contracts with customers: (Continued)

Segments	Continuing operations: Sales and distribution of IP derived products and mobile devices HK$'000	Continuing operations: IP licensing and comprehensive services HK$'000	Sub-total HK$'000	Discontinued operations (Note 13(a)): Pure assembly services and procurement and assembly services HK$'000	Total HK$'000
For the year ended 30 June 2018					
Major products/service					
Sales of goods					
IP derived products and mobile devices	2,792,589	–	2,792,589	–	2,792,589
Pure assembly related products	–	–	–	96,507	96,507
Rendering of services					
Procurement and assembly services	–	–	–	426,719	426,719
Theme events services	–	29,581	29,581	–	29,581
Marketing services	–	20,039	20,039	–	20,039
Licensing fee income					
IP licensing-content creation income	–	65,459	65,459	–	65,459
IP licensing fee income	–	12,767	12,767	–	12,767
	2,792,589	127,846	2,920,435	523,226	3,443,661
Timing of revenue recognition					
At a point in time	2,792,589	–	2,792,589	96,507	2,889,096
Over time	–	127,846	127,846	426,719	554,565
Total	2,792,589	127,846	2,920,435	523,226	3,443,661

7. REVENUE AND SEGMENT INFORMATION (Continued)

(b) Segment information (Continued)

Geographical information

	Revenue by external customers	
	2019	2018
	HK$'000	*HK$'000*
The People's Republic of China (the "PRC")	**2,780,448**	3,433,773
Hong Kong	**59,021**	4,700
The United States of America (the "US")	**10,130**	5,188
	2,849,599	3,443,661

Reconciliations of reportable segment revenue and profit or loss:

	Continuing operations			Discontinued operations *(Note 13(a))*	
	Sales and distribution of IP derived products and mobile devices	IP licensing and comprehensive services	Sub-total	Pure assembly services and procurement and assembly services	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
For the year ended 30 June 2019					
Revenue from external customers	2,492,473	169,794	2,662,267	187,332	2,849,599
Segment (loss)/profit	(488,774)	(74,685)	(563,459)	40,461	(522,998)
Unallocated operating expenses					(39,207)
Unallocated other income and gains and losses, net					(9,189)
Finance costs					(1,149)
Share of results of an associate					(85)
Less:					
Profit before income tax for the year from discontinued operations *(note 13(a))*					(40,461)
Consolidated loss before income tax					(613,089)

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For the year ended 30 June 2019

7. REVENUE AND SEGMENT INFORMATION (Continued)

(b) Segment information (Continued)

Reconciliations of reportable segment revenue and profit or loss: (Continued)

	Continuing operations			Discontinued operations *(Note 13(a))*	
	Sales and distribution of IP derived products and mobile devices	IP licensing and comprehensive services	Sub-total	Pure assembly services and procurement and assembly services	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
For the year ended 30 June 2018					
Revenue from external customers	2,792,589	127,846	2,920,435	523,226	3,443,661
Segment profit/(loss)	151,277	60,819	212,096	(27,519)	184,577
Unallocated operating expenses					(55,177)
Unallocated other income and gains and losses, net					(8,294)
Finance costs					(4,511)
Share of results of an associate					(172)
Add:					
Loss before income tax for the year from discontinued operations *(note 13(a))*					27,519
Consolidated profit before income tax					143,942

The segment revenue is all from external customers and there are no inter-segment sales for both years.

Segment profit represents the profit earned by each segment without allocation of other income, other gains and losses, net, share of results of an associate, distribution costs, general and administrative expenses and finance costs. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

Analysis of segment assets and liabilities has not been presented as it is not regularly reviewed by CODM.

7. REVENUE AND SEGMENT INFORMATION (Continued)

(b) Segment information (Continued)

Revenue from major customers:

	2019 HK$'000	2018 HK$'000
Sales and distribution of IP derived products and mobile devices		
Customer A	1,324,256	1,301,565
Customer B	–	865,642
Customer C	374,004	–

8. OTHER GAINS AND LOSSES, NET

	2019 HK$'000	2018 HK$'000
Net foreign exchange (loss)/gain	(6,595)	3,213
Impairment loss on trade and other receivables	(676,686)	(7,083)
Impairment loss on goodwill	(56,608)	–
Written off of prepayments	(69,073)	(6,775)
Loss on disposals of property, plant and equipment	(63)	(1,415)
Gain on disposal of a subsidiary	5	–
Others	–	(661)
	(809,020)	(12,721)
Representing:		
Continuing operations	(809,470)	(10,650)
Discontinued operations *(note 13(a))*	450	(2,071)
	(809,020)	(12,721)

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9. FINANCE COSTS

	2019 HK$'000	2018 HK$'000
Interest on borrowings	–	2,572
Interest on bonds	1,149	1,013
Interest on factoring arrangement	–	926
	1,149	4,511

10. INCOME TAX EXPENSE

	2019 HK$'000	2018 HK$'000
Current tax		
PRC enterprise income tax (the "EIT")	61,486	39,400
PRC withholding tax on licensing fee income	346	362
	61,832	39,762
Deferred tax *(note 24)*	28	(9,335)
	61,860	30,427
Representing:		
Continuing operations	61,860	27,415
Discontinued operations *(note 13(a))*	–	3,012
	61,860	30,427

Hong Kong Profits Tax has been provided at a rate of 16.5% on the estimated assessable profit for the years ended 30 June 2019 and 2018. No provision for Hong Kong Profits Tax has been made for the years ended 30 June 2019 and 2018 as the Group did not generate any assessable profits arising in Hong Kong during the years ended 30 June 2019 and 2018.

10. INCOME TAX EXPENSE (Continued)

Other jurisdictions mainly included the US. Taxation arising in other jurisdictions of which the US is at 21% (2018: 21%) is calculated at the rates prevailing in the respective jurisdictions.

Under the Enterprise Income Tax Law of the PRC, the EIT rate for the Company's subsidiaries established in the PRC was 25% for the years ended 30 June 2019 and 2018.

The reconciliation between the income tax expense and the product of loss before tax from continuing operations multiplied by EIT rate is as follows:

	2019 ***HK$'000***	2018 *HK$'000*
(Loss)/profit before income tax from continuing operations	**(613,089)**	143,942
Tax at the EIT rate 25%	**(153,272)**	35,986
Tax effect of expenses not deductible for tax purposes	**202,267**	436
Tax effect of income not taxable for tax purposes	**(2,064)**	(548)
Tax effect of tax losses not recognised	**13,062**	10,375
Tax effect of deductible temporary differences not recognised	**80**	3,402
Effect of different tax rate of group entities operating in jurisdictions other than the PRC	**(389)**	1,889
Change in deferred tax liabilities resulting from a increase/(decrease) in applicable tax rate *(note 24)*	**1,809**	(8,170)
Effect of tax exemption granted to a PRC subsidiary	**–**	(16,360)
PRC withholding tax on licensing fee income	**346**	362
Tax effect of share of results of an associate	**21**	43
Income tax expense for the year	**61,860**	27,415

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11. (LOSS)/PROFIT FOR THE YEAR

The Group's (loss)/profit for the year is stated after charging/(crediting) the following:

Continuing operations

	2019 ***HK$'000***	2018 *HK$'000*
Directors' emoluments *(note 12)*	**2,010**	2,016
Other staff costs	**26,935**	19,282
Retirement benefit scheme contributions (excluding contributions in respect of Directors)	**1,627**	700
Total staff costs	**30,572**	21,998
Auditors' remuneration		
— audit services	**2,280**	1,961
— non-audit services	**80**	780
Depreciation of property, plant and equipment	**768**	724
Amortisation of intangible assets (included in cost of sales)	**8,480**	5,549
Cost of inventories recognised as an expense (included in cost of sales)	**2,400,317**	2,641,311
Interest income	**(71)**	(209)

Discontinued operations

	Period from 1 July 2018 to 19 November 2018 *HK$'000*	Year ended 30 June 2018 *HK$'000*
Total staff costs	18,177	56,825
Depreciation of property, plant and equipment	1,611	5,648
Loss on disposals of property, plant and equipment	63	1,415
Cost of inventories recognised as an expense (included in cost of sales under discontinued operations)	172,425	406,122
Impairment loss on inventories	8	147
Rental income	–	(822)
Interest income	(19)	(29)

12. DIRECTORS' EMOLUMENTS

The emoluments of each director were as follows:

	Fees *HK$'000*	Salaries, allowances and benefits in kind *HK$'000*	Retirement benefit scheme contributions *HK$'000*	Total *HK$'000*
Year ended 30 June 2019				
Executive directors:				
Ms. Lo *(note a)*	–	1,200	30	1,230
Ms. Liu Hui	–	420	–	420
Independent non-executive directors:				
Mr. Lei Jun	120	–	–	120
Mr. Ross Yu Limjoco	120	–	–	120
Mr. Zheng Yilei	120	–	–	120
	360	1,620	30	2,010

	Fees *HK$'000*	Salaries, allowances and benefits in kind *HK$'000*	Retirement benefit scheme contributions *HK$'000*	Total *HK$'000*
Year ended 30 June 2018				
Executive directors:				
Ms. Lo *(note a)*	–	1,200	36	1,236
Ms. Liu Hui	–	420	–	420
Independent non-executive directors:				
Mr. Lei Jun	120	–	–	120
Mr. Ross Yu Limjoco	120	–	–	120
Mr. Zheng Yilei	120	–	–	120
	360	1,620	36	2,016

Note:

(a) Ms. Lo had been suspended all administrative and executive duties and powers as the Chairman and executive director on 29 July 2019. The Board resolved on 22 September 2020 that the office of Ms. Lo as the Chairman and an executive director shall be vacated with immediate effect.

12. DIRECTORS' EMOLUMENTS (Continued)

During the years ended 30 June 2019 and 2018, no emoluments were paid by the Group to the directors and the chief executive officer as an inducement to join or upon joining the Group or as compensation for loss of office. In addition, neither the chief executive officer nor any of the directors waived any emoluments during the years ended 30 June 2019 and 2018.

13. DISCONTINUED OPERATIONS/DISPOSAL OF A SUBSIDIARY

(a) Discontinued operations — Disposal of Fittec (BVI) Limited and its subsidiaries

On 11 April 2018, a direct wholly-owned subsidiary of the Company entered into a sale and purchase agreement with a company (the "First Disposal Transaction Purchaser") which is wholly owned by Mr. Lam Chi Ho, who is a director of the Disposal Group (as defined below) and was a former executive director. The Group has agreed to sell and the First Disposal Transaction Purchaser has agreed to purchase the entire issued share capital of Fittec (BVI) Limited ("Fittec BVI") and its subsidiaries (collectively referred to as the "Disposal Group") from the Group at a cash consideration of HK$140,000,000 (the "First Disposal Transaction").

The First Disposal Transaction was completed on 19 November 2018 (the "First Disposal Completion Date").

The Disposal Group is engaged in the business of pure assembly services and procurement and assembly services which has been discontinued by the Group after completion of the disposal. The Disposal Group had been classified as disposal group held for sale for the year ended 30 June 2018.

(i) Analysis of the profit/(loss) from the discontinued operations:

	Period from 1 July 2018 to 19 November 2018 *HK$'000*	For the year ended 30 June 2018 *HK$'000*
Profit/(loss) from discontinued operations	2,803	(30,531)
Gain on disposal of discontinued operations	37,658	–
	40,461	(30,531)

13. DISCONTINUED OPERATIONS/DISPOSAL OF A SUBSIDIARY (Continued)

(a) Discontinued operations — Disposal of Fittec (BVI) Limited and its subsidiaries (Continued)

(i) Analysis of the profit/(loss) from the discontinued operations: (Continued)

	Period from 1 July 2018 to 19 November 2018 *HK$'000*	For the year ended 30 June 2018 *HK$'000*
Revenue	187,332	523,226
Cost of sales	(172,425)	(494,176)
Gross profit	14,907	29,050
Other income	537	1,896
Other gains and losses	450	(2,071)
Distribution costs	(2,975)	(13,230)
General and administrative expenses	(10,116)	(43,164)
Profit/(loss) before tax	2,803	(27,519)
Income tax expense	–	(3,012)
Profit/(loss) for the period/year from discontinued operations	2,803	(30,531)

No tax charge or credit arose on gain on disposal of the Disposal Group.

(ii) The major classes of assets and liabilities of the Disposal Group as at 30 June 2018, which had been presented separately in the consolidated statement of financial position, are as follows:

	2018 *HK$'000*
Property, plant and equipment	25,008
Inventories	33,749
Trade and other receivables	130,581
Bank balances and cash	17,534
Total assets classified as held for sale	206,872
Trade and other payables	89,935
Tax liabilities	1,981
Total liabilities associated with assets classified as held for sale	91,916

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13. DISCONTINUED OPERATIONS/DISPOSAL OF A SUBSIDIARY (Continued)

(a) Discontinued operations — Disposal of Fittec (BVI) Limited and its subsidiaries (Continued)

(iii) Disposal of Disposal Group:

	As at First Disposal Completion Date *HK$'000*
Net assets disposed of	
Property, plant and equipment	23,156
Inventories	29,106
Trade and other receivables	107,997
Bank balances and cash	21,235
Trade and other payables	(68,936)
Tax liabilities	(1,981)
Net assets disposed of	110,577
Release of exchange reserve upon disposal	(10,369)
Gain on disposal of subsidiaries	37,658
Transaction costs and expenses directly attributable to the First Disposal Transaction	2,134
Total consideration	140,000

Net cash inflow arising from the disposal:

	HK$'000
Bank balances and cash disposed of	(21,235)
Cash paid for direct cost	(2,134)
Cash consideration received during the year ended 30 June 2019	40,000
	16,631

Deposits of HK$100,000,000 for the First Disposal Transaction was received from the First Disposal Transaction Purchaser during the year ended 30 June 2018.

13. DISCONTINUED OPERATIONS/DISPOSAL OF A SUBSIDIARY (Continued)

(b) Disposal of 廣州秉迅體育發展有限公司 (Guangzhou Bingxun Sports Development Company Limited) ("Bingxun")

On 13 December 2018, First Creative International Limited ("First Creative"), an indirect wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with an independent third party (the "Second Disposal Transaction Purchaser"). The Group has agreed to sell and the Second Disposal Transaction Purchaser has agreed to purchase the entire issued share capital of Bingxun from the Group at a cash consideration of RMB1,260,000 (equivalent to approximately HK$1,437,000) and loan assignment of RMB780,000 (equivalent to approximately HK$891,000) due from First Creative. Bingxun is principally engaged in sports events organising business. The transaction was completed on 13 December 2018 (the "Second Disposal Completion Date").

(i) Disposal of Bingxun:

	As at Second Disposal Completion Date *HK$'000*
Net assets disposed of	
Trade and other receivables	2,931
Amount due from First Creative	891
Trade and other payables	(1,499)
Net assets disposed of	2,323
Loan assignment	(891)
Gain on disposal of subsidiary	5
Total consideration	1,437

Included in the loss for the year from continuing operation is loss of approximately HK$260,000 attributable to Bingxun and no revenue for the period is attributable to Bingxun.

As at 30 June 2019, consideration receivables of HK$1,437,000 were included in other receivables.

14. DIVIDEND

During the year ended 30 June 2019, a final dividend of HK1.2 cents per ordinary share out of the share premium account of the Company in respect of the year ended 30 June 2018 was declared and paid to the owners of the Company. The aggregate amount of the final dividend declared and paid during the year ended 30 June 2019 amounted to approximately HK$12,926,000 (2018: Nil).

No interim dividend was proposed during the years ended 30 June 2019 and 2018.

15. (LOSS)/EARNINGS PER SHARE

Basic (loss)/earnings per share

The calculation of basic (loss)/earnings per share are as follows:

	2019			2018		
	(Loss)/ profit for the year attributable to owners of the Company *HK$'000*	Weighted average number of ordinary shares *'000*	Basic (loss)/ earnings per share *HK$*	Profit/ (loss) for the year attributable to owners of the Company *HK$'000*	Weighted average number of ordinary shares *'000*	Basic earnings/ (loss) per share *HK$*
From continuing operations	(664,006)	1,077,128	(0.62)	117,350	1,077,128	0.11
From discontinued operations	40,461	1,077,128	0.04	(30,531)	1,077,128	(0.03)
From continuing and discontinued operations	(623,545)	1,077,128	(0.58)	86,819	1,077,128	0.08

Diluted (loss)/earnings per share

Diluted (loss)/earnings per share are not presented for the years ended 30 June 2019 and 2018 as there is no potential ordinary share outstanding during both years or at the end of the reporting period.

16. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings HK$'000	Furniture and fixtures HK$'000	Leasehold improvements HK$'000	Motor vehicles HK$'000	Office equipment HK$'000	Plant and machinery HK$'000	Total HK$'000
COST							
At 1 July 2017	2,569	1,196	37,234	11,194	84,818	359,741	496,752
Additions	–	–	665	1,017	886	393	2,961
Acquisition of subsidiary *(note 28(b))*	–	–	–	–	153	–	153
Disposals	–	(49)	(174)	(982)	(37,650)	(112,180)	(151,035)
Reclassified as held for sale *(note 13(a))*	(2,569)	(1,171)	(36,805)	(11,331)	(48,028)	(253,501)	(353,405)
Exchange realignment	–	24	1,526	102	834	5,547	8,033
At 30 June 2018 and 1 July 2018	–	–	2,446	–	1,013	–	3,459
Additions	–	–	12,871	–	164	–	13,035
Exchange realignment	–	–	(455)	–	(33)	–	(488)
At 30 June 2019	–	–	14,862	–	1,144	–	16,006
ACCUMULATED DEPRECIATION AND IMPAIRMENT							
At 1 July 2017	723	1,144	34,419	10,142	75,571	343,571	465,570
Provided for the year	51	4	1,317	927	1,093	2,980	6,372
Eliminated on disposals	–	(49)	(174)	(905)	(36,989)	(111,317)	(149,434)
Reclassified as held for sale *(note 13(a))*	(774)	(1,118)	(36,170)	(10,236)	(40,042)	(240,057)	(328,397)
Exchange realignment	–	19	1,461	72	669	4,823	7,044
At 30 June 2018 and 1 July 2018	–	–	853	–	302	–	1,155
Provided for the year	–	–	497	–	271	–	768
Exchange realignment	–	–	(46)	–	(15)	–	(61)
At 30 June 2019	–	–	1,304	–	558	–	1,862
CARRYING AMOUNTS							
At 30 June 2019	–	–	13,558	–	586	–	14,144
At 30 June 2018	–	–	1,593	–	711	–	2,304

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For the year ended 30 June 2019

17. INTEREST IN AN ASSOCIATE

	2019 HK$'000	2018 HK$'000
Cost of unlisted investment in an associate	1,152	1,152
Share of post-acquisition loss and other comprehensive expense	(266)	(141)
	886	1,011

Detail of the Group's associate at the end of the reporting period is as follows:

Name of entity	Place of incorporation/ operation	Proportion of ownership interest held by the Group		Proportion of voting rights held by the Group		Principal activity
		2019	2018	2019	2018	
南京潤騰科技有限公司	The PRC	30%	30%	30%	30%	IP and brand licensing and management business

18. INTANGIBLE ASSETS

	IP *HK$'000*
COST	
At 1 July 2017	–
Acquisition of a subsidiary *(note 28(b))*	59,140
Exchange realignment	347
At 30 June 2018 and 1 July 2018	59,487
Exchange realignment	(248)
At 30 June 2019	59,239
ACCUMULATED AMORTISATION AND IMPAIRMENT	
At 1 July 2017	–
Provided for the year	5,549
Exchange realignment	116
At 30 June 2018 and 1 July 2018	5,665
Provided for the year	8,480
Exchange realignment	(41)
At 30 June 2019	14,104
CARRYING AMOUNT	
At 30 June 2019	45,135
At 30 June 2018	53,822

The IP of the Group arised from the acquisition of POW! Entertainment and its subsidiaries (collectively refer to the "POW! Group") during the year ended 30 June 2018. The remaining useful lives of the IP is 6 years (2018: 7 years).

For the purpose of impairment testing, IP have been allocated to the CGU representing POW! Group (note 19). Particulars regarding impairment testing of the CGU representing POW! Group as at 30 June 2019 and 2018 are set out in note 19.

19. GOODWILL

	HK$'000
COST	
At 1 July 2017	–
Acquisition of a subsidiary *(note 28(b))*	57,172
Exchange realignment	336
At 30 June 2018 and 1 July 2018	57,508
Exchange realignment	(240)
At 30 June 2019	57,268
ACCUMULATED IMPAIRMENT LOSSES	
At 1 July 2017, 30 June 2018 and 1 July 2018	–
Impairment loss	56,608
Exchange realignment	(114)
At 30 June 2019	56,494
CARRYING AMOUNT	
At 30 June 2019	774
At 30 June 2018	57,508

Goodwill acquired in a business combination is allocated, at acquisition, to the cash generating units ("CGUs") that are expected to benefit from that business combination. The carrying amount of goodwill arose from the acquisition of POW! Group during the year ended 30 June 2018 and had been allocated to IP licensing and comprehensive services segment.

The recoverable amounts of the CGUs are determined on the basis of their value in use using discounted cash flow method. The key assumptions for the discounted cash flow method are those regarding the discount rates, growth rates and budgeted gross margin and revenue during the period. The Group estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs. The growth rates are based on long-term average economic growth rate of the geographical area in which the businesses of the CGUs operate. Budgeted gross margin and revenue are based on past practices and expectations on market development.

The Group prepares cash flow forecasts derived from the most recent financial budgets approved by the Directors for the next five years with the residual period using the growth rate of 2.6% during the year ended 2019 (2018: 2%). This rate does not exceed the average long-term growth rate for the relevant markets.

The Group has recognised an impairment loss on goodwill of approximately HK$56,608,000 (2018: HK$Nil) during the year ended 30 June 2019 based on the impairment assessment performed.

The rate used to discount the forecast cash flows from POW! Entertainment is 16.8% (2018: 16.1%) for the year ended 2019.

20. TRADE AND OTHER RECEIVABLES

	2019 HK$'000	2018 HK$'000
Trade receivables	16,384	96,534
Less: allowance for doubtful debts	(14,483)	(6,861)
	1,901	89,673
Prepayments	1,130	346,830
Deposits and other receivables	9,013	2,402
	12,044	438,905

The Group allows credit periods ranging from 30 to 180 days (2018: from 30 to 180 days) to its trade customers. The following is an aged analysis of the Group's trade receivables, net of allowance for doubtful debts presented based on the dates of delivery of goods/dates of rendering services at the end of the reporting period which approximated the respective revenue recognition dates:

	2019 HK$'000	2018 HK$'000
0–30 days	1,516	21,968
31–60 days	–	65,997
61–90 days	–	1,708
Over 365 days	385	–
	1,901	89,673

Reconciliation of loss allowance for trade receivables:

	2019 HK$'000	2018 HK$'000
At beginning of the year	6,861	179
Impairment losses recognised during the year	14,779	7,093
Amounts written off as uncollectible	(6,861)	(373)
Reclassified as held for sale	–	(38)
Exchange realignment	(296)	–
At end of the year	14,483	6,861

21. BANK BALANCES AND CASH

Bank balances and cash comprise certain short-term bank deposits at interest rates ranging from 0.01% to 0.30% (2018: 0.01% to 0.30%) per annum with an original maturity of three months or less.

As at 30 June 2019, the bank balances and cash of the Group denominated in RMB amounted to approximately HK$8,946,000 (2018: approximately HK$13,098,000). Conversion of RMB into foreign currencies subject to the PRC's Foreign Exchange Control Regulations.

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22. TRADE AND OTHER PAYABLES

	2019 HK$'000	2018 HK$'000
Trade payables	20,932	18,593
Deposits received on the First Disposal Transaction *(note a)*	–	100,000
Contract liabilities	44,577	–
Receipt in advance from customers	–	5,783
Accruals and other payables *(note b)*	78,947	44,330
	144,456	168,706

Notes:

(a) As at 30 June 2018, deposits received from the First Disposal Transaction Purchaser amounting HK$100,000,000 was for the First Disposal Transaction as set out in note 13(a). The balance is unsecured, interest-free and refundable.

(b) As at 30 June 2019, included in accruals and other payables, approximately HK$53,398,000 (2018: approximately HK$8,976,000) was due to a related company in which Ms. Lo has significant influence, and approximately HK$2,275,000 (2018: approximately HK$2,995,000) was due to a non-controlling shareholder of a subsidiary of the Company. The balances are non-trade in nature, unsecured, interest-free and repayable on demand.

23. BONDS

	2019 HK$'000	2018 HK$'000
Unsecured bonds	9,776	8,669
Less: Amount due for settlement within 12 months (shown under current liabilities)	(9,776)	(40)
Amount due for settlement after 12 months	–	8,629

The carrying amounts of the above bonds are repayable based on the scheduled repayment terms set out in the bond agreements as follows:

	2019 HK$'000	2018 HK$'000
On demand or within one year	9,776	40
In the second year	–	37
In the third to fifth years, inclusive	–	87
After five years	–	8,505
	9,776	8,669

23. BONDS (Continued)

Interest on the bonds will be payable annually in arrears at the interest rate of 0.06% per annum. The principal amount would be payable on 24 October 2035.

All bonds are subject to covenant clauses and the Company had not comply with certain covenants as stipulated in the bond agreement. Hence, all bonds have been classified as current liabilities as at 30 June 2019.

The early redemption option is considered as closely related to the host debt. The effective interest rate of the bonds is 13.34% per annum.

24. DEFERRED TAX LIABILITIES

	Accelerated tax depreciation	Revaluation of assets upon acquisition of a subsidiary	Tax losses	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
At 1 July 2017	566	–	(566)	–
(Credited)/charged to profit or loss	(93)	(1,165)	93	(1,165)
Acquisition of a subsidiary *(note 28(b))*	–	20,699	–	20,699
Effect of change in tax rate *(note a)*	–	(8,170)	–	(8,170)
Exchange realignment	–	(61)	–	(61)
Reclassified as held for sale *(note 13(a))*	(473)	–	473	–
At 30 June 2018 and 1 July 2018	–	11,303	–	11,303
Credited to profit or loss	–	(1,781)	–	(1,781)
Effect of change in tax rate *(note b)*	–	1,809	–	1,809
Exchange realignment	–	(47)	–	(47)
At 30 June 2019	**–**	**11,284**	**–**	**11,284**

Notes:

(a) On 22 December 2017, US President signed into law the tax legislation to reduce US corporate tax rate effective from 1 January 2018. Deferred taxation recognised from the revaluation of assets upon acquisition of a subsidiary has been adjusted to the new tax rate.

(b) During the year ended 30 June 2019, the management planned and started to expand its IP licensing and comprehensive services in PRC. Deferred taxation recognised from the revaluation of assets as at 30 June 2019 has been adjusted to the new tax rate accordingly.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2019

25. SHARE CAPITAL

	Number of Shares	Amount
		HK$'000
Ordinary shares of HK$0.1 each		
Authorised:		
At 1 July 2017, 30 June 2018, 1 July 2018 and 30 June 2019	3,000,000,000	300,000
Issued and fully paid:		
At 1 July 2017, 30 June 2018, 1 July 2018 and 30 June 2019	1,077,128,000	107,712

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maximise the return to the shareholders through the optimisation of the debt and equity balance.

The Group sets the amount of capital in proportion to risk. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the payment of dividends, issue new shares, buy-back shares, raise new debts, redeem existing debts or sell assets to reduce debts.

The Group monitors capital on the basis of the debt-to-adjusted capital ratio. This ratio is calculated as net debt divided by adjusted capital. Net debt is calculated as total debts less cash and cash equivalents. Adjusted capital comprises all components of equity (i.e. share capital, share premium, non-controlling interests, retained profits and other reserves) and includes some forms of subordinated debts.

26. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2019 HK$'000	2018 HK$'000
Non-current asset		
Interests in subsidiaries	–	465,740
Current assets		
Amounts due from subsidiaries	174,484	219,037
Trade and other receivables	2,051	6,239
Bank balances and cash	411	642
	176,946	225,918
Current liabilities		
Amounts due to subsidiaries	38,474	108,034
Other payables	246,893	103,661
Bonds	9,776	40
	295,143	211,735
Net current (liabilities)/assets	(118,197)	14,183
Total assets less current liabilities	(118,197)	479,923
Non-current liability		
Bonds	–	8,629
NET (LIABILITIES)/ASSETS	(118,197)	471,294
Capital and reserves		
Share capital	107,712	107,712
Share premium and reserves	(225,909)	363,582
TOTAL (DEFICIT)/EQUITY	(118,197)	471,294

27. RESERVES

(a) Group

The amounts of the Group's reserves and movements therein are presented in the consolidated statement of profit or loss and other comprehensive income and consolidated statement of changes in equity.

(b) Company

	Share premium HK$'000	Contribution surplus HK$'000	Exchange reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 July 2017	366,526	514,645	(12,406)	(492,762)	376,003
Total comprehensive income/ (expense) for the year	–	–	342	(12,763)	(12,421)
At 30 June 2018 and 1 July 2018	366,526	514,645	(12,064)	(505,525)	363,582
Dividend recognised as distribution *(note 14)*	(12,926)	–	–	–	(12,926)
Total comprehensive income/ (expense) for the year	–	–	233	(576,798)	(576,565)
At 30 June 2019	**353,600**	**514,645**	**(11,831)**	**(1,082,323)**	**(225,909)**

28. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOW

(a) Capital injection from non-controlling interests

On 4 March 2019, 廣州仁宏市場營銷有限公司("仁宏"),First Creative and an independent third party (the "Investor") entered into a sales and purchase agreement, in which the First Creative disposed of 15.33% equity interests of 仁宏 to the Investor. On the completion date, the equity holding of the First Creative in 仁宏 decreased from 100% to 84.67% (the "Transaction A").

On 4 March 2019, 廣州澤展市場營銷有限公司("澤展"), 廣州燦宏供應鏈管理有限公司("燦宏")and the Investor entered into a sales and purchase agreement, in which 燦宏 disposed of 7% equity interests of 澤展 to the Investor. On the completion date, the equity holding of 燦宏 in 澤展 decreased from 70% to 63% (the "Transaction B").

On 5 March 2019, 廣州波音達品牌管理有限公司("波音達"), First Creative and the Investor entered into a sales and purchase agreement, in which First Creative disposed of 5% equity interests of 波音達 to the Investor. On the completion date, the equity holding of First Creative in 波音達 decreased from 100% to 95% (the "Transaction C").

The effect of Transaction A, Transaction B and Transaction C on the equity attributable to the owners of the Company is a gain recognised directly in other reserve of the Group of approximately HK$47,553,000.

28. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOW (Continued)

(b) Acquisition of subsidiaries — POW! Entertainment

On 5 May 2017, an indirect wholly-owned subsidiary of the Company entered into an agreement acquire POW! Entertainment (the "Acquisition"). Upon the completion of the Acquisition on 23 October 2017, POW! Entertainment became an indirect wholly-owned subsidiary of the Company. POW! Entertainment was a US public company formed under the laws of Delaware and the shares were traded on the Over-The-Counter Pink Market in US before the Acquisition. POW! Entertainment primarily engages in multimedia production and licensing business. The cash consideration of the transaction is US$11,500,000 (approximately HK$89,725,000).

Pursuant to a restricted stock agreement and an equity and indemnification agreement both dated 28 September 2017 entered into, amongst others, between POW! Entertainment and the founder of POW! Entertainment, POW! Entertainment shall issue and grant new shares representing 15% of its equity interest to the founder of POW! Entertainment immediately upon completion of the Acquisition at nil consideration. The Group, therefore, is considered to acquire 85% effective shareholding in POW! Entertainment.

Fair value of assets and liabilities recognised at the date of the Acquisition are as follows:

	HK$'000
Intangible assets *(note i)*	59,140
Property, plant and equipment	153
Other receivables	460
Bank balances and cash	14,098
Other payables *(note ii)*	(14,854)
Deferred tax liabilities	(20,699)
Total identifiable assets at fair value	38,298
Non-controlling interest	(5,745)
Goodwill	57,172
Consideration transferred	89,725

Satisfied by:

	HK$'000
Cash	89,725

28. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOW (Continued)

(b) Acquisition of subsidiaries — POW! Entertainment (Continued)

Analysis of net outflow of cash and cash equivalents in respect of acquisition of subsidiaries:

	HK$'000
Total cash consideration	89,725
Bank balances and cash acquired	(14,098)
	75,627

Notes:

(i) Intangible assets amounting approximately HK$59,140,000 are IP recognised upon the Acquisition. The intangible assets are amortised on straight line method over 7 years, which is the expected useful life.

(ii) Included in other payables at the date of the Acquisition was the amount due to a non-controlling shareholder of the subsidiary amounting approximately HK$2,978,000.

Included in the profit for the year from continuing operations is loss of approximately HK$7,087,000 attributable to POW! Entertainment. Revenue from continuing operations for the year includes approximately HK$5,188,000 attributable to POW! Entertainment.

Had the acquisition of POW! Entertainment been effected at the beginning of the year, the total amount of revenue of the Group from continuing operations for the year ended 30 June 2018 would have been approximately HK$2,922,358,000, and the amount of the profit for the year from continuing operations would have been approximately HK$109,085,000. The pro-forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed at the beginning of the year, nor is it intended to be a projection of future results.

The acquisition-related costs that related to the Acquisition was minimal.

28. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOW (Continued)

(c) Acquisition of 魔氪

On 28 April 2018, an indirect wholly-owned subsidiary of the Company entered into an acquisition agreement with an independent individual and Guangzhou Camsing Company Limited 廣州承興營銷管理有限公司 ("Guangzhou Camsing"), which is a company under the control of Ms. Lo. Pursuant to the acquisition agreement, the Group agreed to acquire and the individual and Guangzhou Camsing agreed to sell the 51% in aggregate of the equity interest in 魔氪, a company incorporated in the PRC with limited liability, and principally engages in the digital marketing and IP licensing and comprehensive services. The cash consideration of the acquisition is approximately HK$616,000. The acquisition was completed on 2 May 2018.

Fair value of assets and liabilities recognised at the date of the Acquisition are as follows:

	HK$'000
Trade and other receivables	1,291
Bank balances and cash	1,385
Trade and other payables	(1,470)
Total identifiable assets at fair value	1,206
Non-controlling interest	(590)
Goodwill	–
Consideration transferred	616

Satisfied by:

	HK$'000
Cash	616

Notes to the Consolidated Financial Statements

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28. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOW (Continued)

(c) Acquisition of 魔氪 (Continued)

Analysis of net outflow of cash and cash equivalents in respect of acquisition of subsidiaries:

	HK$'000
Total cash consideration	616
Bank balances and cash acquired	(1,385)
	(769)

Included in the profit for the year from continuing operations is approximately HK$603,000 profit attributable to 魔氪. Revenue from continuing operations for the year includes approximately HK$2,149,000 attributable to 魔氪.

Had the acquisition of 魔氪 been effected at the beginning of the year, the total amount of revenue of the Group from continuing operations for the year ended 30 June 2018 would have been approximately HK$2,922,450,000, and the amount of the profit from continuing operations for the year would have been approximately HK$116,511,000. The pro-forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed at the beginning of the year, nor is it intended to be a projection of future results.

There was no acquisition-related costs that related to the above acquisition.

28. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOW (Continued)

(d) Changes in liabilities arising from financing activities

The following table shows the Group's changes in liabilities arising from financing activities during the year:

	Amount due to a related company	Borrowing	Interest payable	Bonds	Amount due to a non-controlling shareholder of a subsidiary of the Company	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 July 2017	–	34,566	230	7,656	–	42,452
Changes in cash flows	9,009	(36,985)	(3,728)	–	–	(31,704)
Non-cash changes:						
Interest on borrowing	–	–	2,572	–	–	2,572
Interest on factoring arrangement	–	–	926	–	–	926
Interest on bonds	–	–	–	1,013	–	1,013
Acquisition of a subsidiary	–	–	–	–	2,978	2,978
Exchange realignment	(33)	2,419	–	–	17	2,403
At 30 June 2018 and 1 July 2018	8,976	–	–	8,669	2,995	20,640
Changes in cash flows	44,109	–	–	(42)	(709)	43,358
Non-cash changes:						
Interest on bonds	–	–	–	1,149	–	1,149
Exchange realignment	313	–	–	–	(11)	302
At 30 June 2019	**53,398**	**–**	**–**	**9,776**	**2,275**	**65,449**

29. OPERATING LEASES

At 30 June 2019, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	2019 HK$'000	2018 HK$'000
Within one year	8,280	13,381
In the second to fifth years inclusive	12,001	20,246
	20,281	33,627

Operating lease payments represent rentals payable by the Group for certain of its offices and factory. Leases are negotiated for an average term of 5 years (2018: 5 years) and rentals are fixed over the lease terms and do not include contingent rentals.

At 30 June 2019, the total future minimum sublease payments expected to be received under non-cancellable subleases amounted to approximately HK$1,756,000 (2018: approximately HK$4,961,000).

At the end of the reporting period, the Group had contracted with tenants for the following future minimum lease payments:

	2019 HK$'000	2018 HK$'000
Within one year	1,756	3,094
In the second to fifth years inclusive	–	1,867
	1,756	4,961

30. PARTICULARS OF SUBSIDIARIES OF THE COMPANY

Company name	Place of establishment/ incorporation/ operation	Issued and fully paid share capital/ registered capital	Proportion of ownership interest held by the Company Indirectly		Principal activities
			2019	2018	
仁宏 *(note i)*	The PRC	Paid up capital RMB10,299,600	84.67%	100%	Marketing services and sports events organising business
魔氪 *(note i)*	The PRC	Paid up capital RMB1,000,000	43.18%	51%	Sports events organising business
Bingxun *(note i)*	The PRC	Paid up capital RMB Nil	100%	100%	Sports events organising business
波音達 *(note i)*	The PRC	Paid up capital RMB1,064,160	95%	100%	IP and brand licensing business
奇摩品牌顧問（北京）有限公司 *(note i)*	The PRC	Paid up capital RMB Nil	66.5%	70%	Consulting on corporate management business
喀什廣音達文化創意有限公司 *(note i)*	The PRC	Paid up capital RMB500,000	95%	100%	IP licensing business
POW! Entertainment	US	Ordinary share US$1,000	85%	85%	Multimedia production and licensing business

Notes:

(i) These subsidiaries are established and registered as limited liability companies under the PRC Law.

(ii) None of the subsidiaries had issued any debt securities at the end of the year.

31. PARTICULARS OF SUBSIDIARY OF THE COMPANY THAT HAVE MATERIAL NON-CONTROLLING INTEREST

The table below shows details of non-wholly owned subsidiary of the Company that have material non-controlling interests:

Name of subsidiary	**POW! Entertainment**	
	2019	2018
Principal place of business/country of incorporation	**US/US**	US/US
% of ownership interests of the Company/voting rights held by non-controlling interests	**85%/15%**	85%/15%

Summarised financial information in respect of subsidiary that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

	2019 *HK$'000*	2018 *HK$'000*
Financial information of consolidated statement of financial position		
Non-current assets	**45,433**	54,041
Current assets	**4,235**	15,349
Current liabilities	**(29,980)**	(27,107)
Non-current liabilities	**(11,284)**	(11,303)
	8,404	30,980
Accumulated non-controlling interests of the Group	**1,261**	4,647

	2019 *HK$'000*	2018 *HK$'000*
Revenue	**10,130**	5,188
Loss for the year	**(22,652)**	(7,087)
Total comprehensive loss for the year	**(22,576)**	(7,317)
Loss allocate to non-controlling interests	**(3,398)**	(1,063)

31. PARTICULARS OF SUBSIDIARY OF THE COMPANY THAT HAVE MATERIAL NON-CONTROLLING INTEREST (Continued)

	2019 *HK$'000*	2018 *HK$'000*
Financial information of consolidated statement of cash flows		
Net cash outflow from operating activities	**(12,793)**	(6,035)
Net cash (outflow)/inflow from investing activities	**(137)**	6,604
Net cash (outflow)/inflow	**(12,930)**	569

32. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to confirm to the current year's presentation. The Directors consider that the new reclassification of the accounting item is more appropriate presentation to reflect the consolidated financial results and position of the Group.

33. EVENTS AFTER THE REPORTING PERIOD

Subsequent to the end of the reporting period, there are certain updates in respect of the status of suspension of trading in the shares of the Company, and further details of which are stated in note 1 to the consolidated financial statements.

34. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

These consolidated financial statements were approved and authorised for issue by the Board on 14 January 2021.

FINANCIAL SUMMARY

RESULTS

	Year ended 30 June				
	2015 *HK$'000*	2016 *HK$'000*	2017 *HK$'000* (restated)	2018 *HK$'000*	**2019** ***HK$'000***
Continuing operations					
Revenue	726,771	461,922	2,400,731	2,920,435	**2,662,267**
(Loss)/profit before income tax	(77,778)	(50,829)	55,888	143,942	**(613,089)**
Income tax expense	(52)	(849)	(11,891)	(27,415)	**(61,860)**
(Loss)/profit for the year from continuing operations	(77,830)	(51,678)	43,997	116,527	**(674,949)**
Attributable to:					
Owners of the Company	(77,830)	(51,678)	44,139	117,350	**(664,006)**
Non-controlling interests	–	–	(142)	(823)	**(10,943)**
	(77,830)	(51,678)	43,997	116,527	**(674,949)**

ASSETS AND LIABILITIES

	At 30 June				
	2015 *HK$'000*	2016 *HK$'000*	2017 *HK$'000*	2018 *HK$'000*	**2019** ***HK$'000***
Total assets	550,175	430,992	521,801	798,798	**95,288**
Total liabilities	56,547	68,583	136,726	312,286	**213,485**
Shareholders' funds/(deficit)	493,628	362,409	385,075	486,512	**(118,197)**
Attributable to:					
Owners of the Company	493,628	362,409	385,221	481,181	**(122,388)**
Non-controlling interests	–	–	(146)	5,331	**4,191**
	493,628	362,409	385,075	486,512	**(118,197)**